$10.00. You will find of course that the largest share of the treatment is for minor sickness and injuries, and will never be a problem of yours, in that the $10.00 covers a very high percent of all cases, as you can readily understand. Therefore the few cases that cost over $10.00 are the cases in which you will be interested, or will have statistical information on.

Apparently you have misunderstood some report I have made in the past, as we have not had this type of coverage in effect for some time, rather we are just on the verge of selling our first Family Coverage plan at this time. It is true I had it ready for employee groups some eight or nine months ago, however with the purchasing of the Hospital here, and the additional work and worry of the Hospital, I neglected to go ahead with the Family Coverage as I had planned. However the Hospital problem is now minimized, and I am sincerely going ahead and selling Family Coverage.

Hoping the above takes care of your problem, and expressing my desire to be of furtner help, I remain,

Yours very truly,

Manager
KLAMATH MEDICAL SERVICE BUREAU

JLH:js
Encl

9935 Approved by the Oregon State Medical Society

PHYSICIANS ASSOCIATION OF
CLACKAMAS COUNTY

(Emblem)

Telephone 25541 Barclay Building
OREGON CITY, OREGON

January 31, 1944

Mr. Joe Hicks
Klamath Medical Service Bureau
Klamath Falls, Oregon

Dear Joe:

In years past, we have refused to consider applications for group contracts covering school teachers, particularly in view of the disastrous experience of MMSB with such

coverage in this county prior to our organization. Now, however, with the threat of Blue Cross in this field, we feel it advisable to submit a limited contract. So that some means of control may be exercised, we have obtained the approval of member physicians for us to submit a $10.00 deductible plan, still charging the same premium as in our industrial groups. We are meeting with the teachers this afternoon to submit our proposal, and believe it will be accepted, judging from those with whom we have heretofore discussed it.

We are, however, at a loss as to the most satisfactory method of handling this deduction. Realizing you have had this type of coverage in effect for some time, in your family plan, we are appealing to you for information and advice as to the method of operation. We can see many different possibilities, but since you have already operated under this plan, felt your assistance would be invaluable to us.

Our main question is how the first $10.00 are handled, who is responsible for the collection. Also, how is the sum of $10.00 reached? Does the doctor bill the patient in accordance with his private fee schedule, then bill the Bureau for the balance? Or is the entire service billed to the Bureau on your fee schedule, then $10.00 deducted therefrom? What happens if, for example, the doctor's fee is $7.50 and ambulance or some similar service is $6.00; how is the extra $2.50 applied to the ambulance bill? Or are the charges up to $10.00 payable to the Bureau and included in the periodical distribution to the doctors?

We realize we are taking a lot for granted when we present the proposed plan first then iron out the details afterward, but feel sure your information will enable us to do this satisfactorily.

Best personal regards to you and Mrs. Hicks.

Very truly yours,

PHYSICIANS ASSOCIATION
OF CLACKAMAS COUNTY

By (Signed) MIRIAM OLSON

MGO

Plaintiff's Exhibit 2153

9936 AMERICAN MEDICAL ASSOCIATION

COUNCIL ON MEDICAL SERVICE

535 North Dearborn Street
CHICAGO 10

July 3, 1947

Mr. Dale Lillebo, Manager
Coos Bay Hospital Association
416 Hall Building
Marshfield, Oregon

Dear Mr. Lillebo:

Some time ago the Council forwarded to you a copy of the 1947 revision of its brochure "Voluntary Prepayment Medical Care Plans."

More recently, two new Council publications have been mailed to you. One is a prepayment plan directory which lists each plan, address, name and title of executive, etc. It is hoped this will serve as a ready reference for plan managers and others interested in prepayment.

The second new publication is a pamphlet intended as a supplement to the brochure. The pamphlet contains general statistical information in chart form with a brief explanation accompanying each graph.

The Council staff is currently cooperating with A.M.C.P. and other voluntary agencies in compiling data on voluntary prepayment medical care plans. While our publications are primarily directed to physicians and laymen not too familiar with prepayment plans, they may also be of interest to plan directors and officers.

We would appreciate your comments or criticisms.

Yours sincerely,

(Signed) TOM HENDRICKS
Thomas A. Hendricks, Secretary

TAH:cf

Plaintiff's Exhibit 2154

9937 STATE SECTIONS

(Emblem)

OREGON STATE MEDICAL SOCIETY — SEVENTY-FIRST ANNUAL MEETING PORTLAND, 1945

THINK IT OVER, DOCTOR

There have been many occasions of late when the medical profession, in the absence of clear thinking, has fancied itself in something of a predicament in relation to what is variously termed state, socialized or politicalized medicine. To emerge from this quandary various remedies and procedures have been advocated. With one eye cocked toward our critics, many of whom are self-appointed, while others appear to have motives of questionable direction, we have taken what we think are positive steps having the form of numerous plans for prepaid medical care. In spite of admitted imperfections, these plans for extensive care have done a good job in their way. But the idea persists, apparently, that this way is not the way the critics would have it, if indeed they have any way in mind, for the clamor is still heard. Now comes a contrast.

The question is raised by the American Association of Physicians and Surgeons, commented upon in a neighboring column, if the course of nonparticipation is not the better or even the wisest path toward emergence from bewilderment. It cannot be denied that many doctors consider current efforts nothing but measures of unwarranted appeasement, and argue with considerable weight that the problem should preferably be met head on. While in this sense nonparticipation might be classed as a distinctly negative procedure, the fact remains that American medicine has done very well by its patients, so that efforts to resist further and unjustified impositions may indeed require whole hearted nonparticipation.

In this respect attention is directed also to the communication from a number of doctors in the armed forces reprinted in its entirety elsewhere in this section. On many occasions in the past much has been made by various and sundry spokesmen of the thought that physicians in the army and navy are completely satisfied with the idea of state or politicalized medicine which is being so widely pressurized throughout the country. In the face of the

doubtful authenticity of many of these spokesmen and the general confusion raised by the clamor, it is gratifying to have a first hand report from doctors themselves in the services.

While the reference is primarily to California affairs, it is obvious that the conditions and arguments have a general application. This well-thought through, authentic expression could profitably be required reading for all doctors.

NONPARTICIPATION HAS WIDE POSSIBILITIES

CANNOT BE LIGHTLY DISMISSED; TIMING AND LOCAL APPLICATION IMPORTANT

More information has been received regarding the plan of nonparticipation now attempting to expand its activities through a national appeal by the American Association of Physicians and Surgeons. Much can be said for the idea, but its difficulties should also be known.

The plan is being guided largely by its Indiana originators; these men are reputable doctors. One of their number was recently appointed secretary of the Council on Medical Service and Public Relations of the American Medical Association; and this appointment was for merit, in no way a gesture toward the advocates of nonparticipation. There seems ample assurance that any monies received by the association will be carefully handled and will be expended for the good of the profession according to the light as seen by these officials. The matter of joining or not thus resolves itself into a comparison of the activities proposed by this group and those of the preexisting National Physicians Committee for the Extension of Medical Care. In effect it becomes a matter of deciding which of two different pathways will best lead to the same goal, the preservation of a form of medical practice fair to the medical profession.

The National Physicians Committee advocates and is taking what may be called the positive pathway, working within the principles of organized medicine throughout the several states. Their approach is largely educational. Off to a slow start which drew considerable criticism for inactivity, the committee now seems to have its program

well in hand and has recently delivered some fine results. If this performance is continued, and there is every indication it will be, the promise of even more tangible results is no idle promise. In the meantime the committee needs contributions from individual doctors, particularly in Oregon.

In contrast with this approach, the Association of Physicians and Surgeons holds that nonparticipation is the ultimate in effective weapons. That it is the most effective weapon in finality cannot well be denied. It is this very strength which makes doctors hesitant and raises the question of whether it should be used at all. There is widespread belief that its use may be rendered necessary, perhaps sooner than later. Fears on the part of the profession that it may be criticized for resorting to such a measure should be groundless. There are many people in the land who mistake understandable hesitancy for
9938 weakness, but can make no case against doctors for using every means in their power to protect themselves and their patients against unwarranted foolishness.

Legally, the stated position of the nonparticipation group appears correct in that an organized group may lawfully band together to do anything, including a refusal to go along with any scheme to its disadvantage, which an individual may lawfully do. The other essential point, according to attorneys, is that this action is not directed against any established group or individuals and is being taken *before* the thing requiring nonparticipation occurs. To band together afterward might be technically a different matter, although there is the precedent for even this in the action of the physicians of British Columbia, where a socialized medicine act is today a law of the land, though unworkable through organized refusal of the medical profession to make it work.

For those who wish to obtain first hand knowledge of how such a plan might work it should be pointed out that national nonparticipation will prove only as strong as the sum of local nonparticipation. Actually the strength in any such plan lies chiefly in its local strength, and nationally the plan will succeed or fail *as it succeeds or fails locally.*

Those doctors who may have a yen for this type of action, or who wish to see how it will work, will readily find in their own front yards ample objectives upon which to try their skill. If nonparticipation is good nationally, it should be better when directed toward local or regional

problems, could correct many shortcomings and abuses in addition to serving as a practical dress rehearsal for later similar action on a larger scale, should the necessity arise.

In final analysis there does not appear to be much valid reason why nonparticipation should not be used. There does appear to be a question of timing. A wise course might be to encourage the National Physicians Committee to continue its present educational efforts and direction, but not to fail to prepare meanwhile against the day when nonparticipation may be thrust upon us as a matter of professional and selfpreservation. By no means should this possibility be overlooked or forgotten.

9939 • • • • •

O.P.S.-BLUE CROSS COORDINATION PLAN HITS SNAG

After getting off to a good start in the first joint committee meeting studying coordination possibilities between O.P.S. and the Blue Cross, the matter once more seems to have hit an obstruction.

The suggestion was offered in committee that, since O.P.S. was much better established, the doctors' service should undertake the sale of the Blue Cross contracts. From this logical start it was proposed to continue the study for adjustment of details. In this respect a letter received from Mr. Lester H. Perry, author of the Blue Cross coordination article appearing recently in *The Journal of the A.M.A.* came in for considerable committee attention, together with a copy of the Michigan plan accompanying it. However, after subsequent thought on the matter it appears the Blue Cross is desirous of continuing its own sales organization, which stand would probably make any coordinated plan cumbersome and ineffective.

A copy of the Perry letter, received by Willard C. Marshall, O.P.S. general manager, is as follows:

"I appreciate the kind comments you made in your letter of February 22 regarding my article entitled 'The Coordination of Medical and Blue Cross Plans.'

"From the information contained in your letter and the printed material you enclosed, the first question which arose in my mind concerned the necessity for any Blue Cross plan at all. I gather that Oregon Physicians Service covers both medical care and hospitalization. Therefore, since it covers hospitalization, is there any need for a separate Blue Cross plan?

"However, to get to the question which you asked in your letter regarding the type of approach which should be utilized for the purpose of obtaining unification or coordination of the activities of the medical service and Blue Cross plans in Oregon, it seems to me that, since the medical service program has been long established and, therefore, has a much broader administrative experience and background of stability, it would be most logical for you to cooperate with the Blue Cross plan on the basis of my classification B in reverse.

"I am enclosing a copy of the joint operations agreement currently in effect in Michigan. It seems to me that this type of agreement would work in Oregon, but I believe that Oregon Physicians Service should handle the enrollment and collecting of premiums for Blue Cross rather than Blue Cross doing so for the medical plan, as in Michigan.

"The Michigan Plan appeals to me as being a very reasonable, logical and workable agreement. This is proven, I think, by the fact that it has worked so well in Michigan. In most sections of the country it could be adopted as it stands, but in Oregon the positions of the two organizations, it seems to me, should be reversed.

"If you think that I can be of any further service to you, I hope you will not hesitate to write me. May I take this opportunity to express my best wishes for the success of Oregon Physicians Service."

Blue Cross interests apparently doubt the ability or willingness of O.P.S. under a unified program to push the sale of the dependents' hospitalization contract Blue Cross now offers. They further readily admit experience shows the sale of the dependents' hospitalization contract develops a demand for medical coverage and services. Since doctors are known not to favor any action or plan which tends to stimulate a mass demand for medical services while the shortage of physicians continues, the cleft appears fundamental. Whether the issue can be resolved remains to be determined.

• • • • •

Plaintiff's Exhibit 2155

9940

LEROY C. JENSEN, M. D.

PHYSICIAN AND SURGEON

316 Medford Center Building
Medford, Oregon

November 22, 1937

C. C. Bechtold
General Manager
National Hospital Ass.
Mohawk Bldg.
Portland, Oregon

Dear sir:

I received your letter of November 20, 1937. As you stated our relationship in the past has been pleasant. As you know I have obtained several contracts for you in this aria. I have always recommended you very highly.

It is my opinion that you are taking good care of the patients and done your part. You have always been fair with me.

I shall be glad to cooperate with you in the future, and in so far as I am concerned my relations will continue in the future as they have in the past.

I feel that our mutual interests are best served in working together.

I should be glad to hear from you regarding this matter.

Yours very truly,

(Signed) LEROY C. JENSEN
LeRoy C. Jensen, M.D.

LCJ:M

Plaintiff's Exhibit 2156

9941 Nov. 8, 1941

Drs. Irvine and Herron
Lebanon, Oregon.

Dear Doctors:

Enclosed kindly find check as per statments rendered, except for the tonsilectomy. Your charge was twenty dollars and our Association always pays twenty-five dollars for a tonsilectomy, hence you will note a five dollar raise in the amount of your bill.

Sincerely yours,

PRUDENTIAL HOSPITAL ASSOCIATION

A. E. KING, M. D.
President.

Plaintiff's Exhibit 2157

9942

ROSSER P. ATKINSON
PHYSICIAN AND SURGEON
GOLDENDALE, WASHINGTON

June 3, 1944

Prudential Hospital Association
Morgan Building
Portland, 5, Oregon

Gentlemen:

One of your clients, Mr. L. C. Richardson, time-keeper at the J. Neils Lumber Company came to me a few days ago and requested the removal of his tonsils which I had advised him to do some time ago. In as much that I had a limited time and in as much as it was during the recent hollidays I went ahead without conferring with you. I do not like to do this but the circumstances were such that I was trying to save him some time.

Also I would like permission to run a Basal Metabolic Rate on a Mrs. Alva Ferguson, who is a rather obese fourty-five year old female, with typical hypothryoid symptoms.

Sincerely,

(Signed) ROSSER P. ATKINSON
Rosser P. Atkinson, M. D.

nc

9943

ROSSER P. ATKINSON
PHYSICIAN AND SURGEON
GOLDENDALE, WASHINGTON

June 3, 1944

Prudential Hospital Association
Morgan Building
Portland, 5, Oregon

Gentlemen:

Recently when Mr. Latimer needed a blood transfusion, I was forced to use some member outside the family. When I use a family member I usually do not attempt to charge them to a responsible organization. We used one member of the family, but the others were not compatable, so I was forced to use a Mrs. Mike Tovey, of Klickitat, who wishes to be reimbursed.

I would like your advise in this matter.

Sincerely,

(Signed) ROSSER P. ATKINSON
Rosser P. Atkinson, M. D.

nc

9944

June 9, 1944.

Dr. Rosser P. Atkinson
Goldendale, Washington.

Dear Dr. Atkinson:

We are very glad you removed Mr. Richardson's tonsils. Any employee who has been employed six consecutive months is entitled to have their tonsils removed at our expense and it would not be necessary to write in for authorization, Dr. Atkinson.

Regarding Mrs. Ferguson, we sould be glad to have you run a Basil Metabolic Rate test on her, and also bill us for the blood transfusion for Mr. Latimer, as per your letter.

Thanking you for the attention given these employees, I am

Sincerely yours,

PRUDENTIAL HOSPITAL ASSN.

A. E. KING, M. D.
President.

Plaintiff's Exhibit 2158

9945 September 30, 1942

Dr. N. E. Irvine
Lebanon, Oregon.

Dear Doctor Irvine:

We would be very glad to have you operate on Doncas Halstead whenever you deem such operation advisable.

If, as I had gathered from your letter, she has been having pain for a month of more, and releived only while lying down, one would be led to believe it was a case which would be relieved only by surgery, even though it were only a bunch of adhesions in the left lower quadrant.

If you do operate, Dr. Irvine, I would be very interested to know what you find. Had intended inquiring as to her condition the day I had the pleasure of calling on you in Lebanon, but you were so busy and we were talking over the physicians and surgeons going in the army, etc., that it slipped my mind.

Hoping some day, to have a longer visit with you, I am

Sincerely yours,

PRUDENTIAL HOSPITAL ASSOCIATION

A. E. KING, M. D.
President.

AEK:pc

9946 August 20, 1942

Dr. N. E. Irvine
Lebaon, Oregon.

Dear Doctor Irvine:

Thanks very much indeed, for your nice friendly letter explaining fully the condition of Dorcass Holstead, employee of the Oregon Plywood.

All of our contracts contain a clause which exempts us for any liability for diseases not common to both sexes. However, Dr. Irvine, we always interpret the contract liberally, in favor of the employees, and with a plant the size of the Oregon Plywood, we would naturally prefer to pay for something which did not come under the contract than to have any argument with the management.

I note you state that this lady had an operation three years ago and undoubtedly any abnormality was taken care of at that time. Of course it would be possible for a cyst to develop inside of three years. You also state that the pain was relieved after she had been in bed for sometime. Of course, where there has been a suspension, it is possible for a portion of the bowel to be squeezed between the broad ligament and the uterus, or if, as you state, an ovarian cyst has developed, it could be due to a torsion of the pedicle.

If you find it necessary to operate, Dr. Irvine, I would be very interested to know the post-operative diagnosis.

Thanking you again for your letter, I am

Sincerely yours,

PRUDENTIAL HOSPITAL ASSOCIATION

A. E. KING, M. D.
President.

AEK:pc

(The exhibit also contains letters of August 19 and September 28, 1942 from Dr. Irvine to Prudential, in which he states the condition of his patient, asks whether she is covered by Prudential, and in his second letter states he believes the patient will need an operation.)

Plaintiff's Exhibit 2159

9949 MINUTES OF THE REGULAR MEETING OF THE CLATSOP COUNTY MEDICAL SOCIETY

Chamber of Commerce Building.

The regular monthly meeting of the Clatsop County Medical Society was held in the Chamber of Commerce offices on Friday, January 10, 1941. Members present were: Drs. Berg, F. E. Boyden, A. M. Boyden, Straumfjord, Fowler, Kullberg, Pilkington, Prentice, Rafferty, Spalding, Smith, Van Dusen, and Kerbell.

* * * * *

Dr. Spalding reported as chairman of the Industrial Affairs Committee that the committee is planning a confer-

ence with the two hospital associations relative to fee schedules. A general discussion followed the report.

Dr. Rafferty notified the Society of his withdrawal from the position of physician to the local Eagles Lodge. This withdrawal to be effective March 1, 1941.

Plaintiff's Exhibit 2160

9951 September 5, 1940

Dr. Waldo W. Ball
Corvallis, Oregon.

Dear Doctor Waldo:

Enclosed please find check for seventeen dollars, as per bill rendered.

We are paying the three dollars for Charles Smith, as it is a small matter, though he was not employed by the Honey Grove Lumber Company during the months of June or July, nor is he now so employed. Probably you would not know where to bill him direct.

Thanking you for taking care of the employees, I am

Sincerely yours,

PRUDENTIAL HOSPITAL ASSOCIATION.

A. E. KING, M. D.
President.

encl
AEK:pc

Plaintiff's Exhibit 2161

9952 January 21, 1948.

Dr. R. S. Langmack
Sweet Home, Oregon.

Re: Mrs. Sybil Baley.

Dear Dr. Langmack:

On January 9th Mrs. Baley phoned us that she was in town, sent in by you for a physical examination and wished to have this done at our expense. She advised us that she had lost her job with the Oregon Plywood, before Thanksgiving. However, in as much as she had been in to see us

before, in April 1945, we consented to give her a further examination by an Internist and sent her to Dr. William Panton. His letter to me, I am enclosing herewith, which is self-explanatory.

We did a B.M.R. on Mrs. Baley, at our office, which was minus fourteen. We also ran a Wasserman on her, which had been recommended by Dr. John McCollom, in 1945, but we find no record of it having been done. The Wasserman was negative.

Hoping, Dr. Langmack, this will be of some assistance to you in treating this lady, I am

Sincerely yours,

PRUDENTIAL HOSPITAL ASSOCIATION

A. E. KING, M. D.
President.

Plaintiff's Exhibit 2162

9954

REGULAR MEETING OF THE
BOARD OF DIRECTORS
of the
KLAMATH MEDICAL SERVICE BUREAU
held
Tuesday, December 28, 1948

The regular meeting of the Board of Directors was held at 12:15 p.m. on Tuesday, December 28, 1948, at the Klamath Valley Hospital. Present were President Dr. Rugh, Drs. Oldenburg, Sharp, Black and Nerseth and Bureau Manager Brown.

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President Dr. Rugh then brought up for discussion the matter of investigation of treatment requisitions submitted by Dr. Espersen, and after considerable discussion action was deferred until a later date.

• • • • •

Fees: President Dr. Rugh brought up the case of Elliott and Florence Trees, which has been before the Board on many occasions, and it was ultimately moved by Dr. Black,

seconded by Dr. Sharp and unanimously approved that these accounts be NOT PAID and that the hospital and the doctor involved be advised of the Board's action, with instructions that the hospital charge off amounts involved.

The next matter to be brought up for discussion was that of payment of O.P.S. fees, and after some discussion it was moved by Dr. Black, seconded by Dr. Nerseth, that the Bureau pay O.P.S. cooperating physicians for services rendered K.M.S.B. patients not less than 80% of the fee schedule and up to 100% of said fee schedule, which amount is to be governed by the per cent of fees paid to K.M.S.B. staff physicians for services during the preceding six-months' period, which motion was unanimously carried.

• • • • •

Plaintiff's Exhibit 2163

9955 November 15, 1937

Dr. R. G. Leland, Director
Bureau of Medical Economics
American Medical Association
535 North Dearborn Street
Chicago, Illinois

Dear Dr. Leland:

This letter is to advise you that the Council of our Society, on November 13, 1937, voted to authorize you to make an abstract of the report of our Committee on the Study of Contract Practice for the Organization Section of the Journal.

Very sincerely yours,

OREGON STATE MEDICAL SOCIETY

by .....
Executive Secretary

Plaintiff's Exhibit 2165

9957

Minutes of the Meeting
of
BOARD OF DIRECTORS
of
KLAMATH MEDICAL SERVICE BUREAU

February 27, 1945

Regular meeting of the Board of Directors of Klamath Medical Service Bureau was held at Hillside Hospital at noon, Tuesday, February 27, 1945. Members in attendance were Drs. Stearns, Massey, Adler, Johnson, Hilton, Manager Joe Hicks, and Assistant Manager Frank Smith. Also present was Dr. Dietsche.

Minutes of previous meeting were read and approved by the Board.

Under the heading of old business Dr. Dietshe's Alice Stone case was reopened. Dr. Dietsche again explained his side of the case to the Board and was questioned by Dr. Adler on several points. After some discussion Dr. Massey moved that the previous action of the Board be upheld, the liability for the case being refused by the Board on the grounds that Dr. Dietsche did not have the legal authorization for hospitalization or surgery prior to the actual act of surgery. Dr. Adler seconded the motion and the motion carried. The vote was unanimous. It was requested by the Board that a letter be written to Dr. Dietsche by Manager Joe Hicks in which he would explain the action.

* * * * *

Plaintiff's Exhibit 2166

9958

December 30, 1946

Mr. Dale Lillebo, Mgr.
Coos Bay Hospital Association
218 Hall Building
Coos Bay, Oregon

Dear Dale:

I just received your December 23rd letter and will answer it in the only way I can. In the first place we have had considerable trouble with Dr. Compton within our own Bureau.

He is a young new member of the Bureau and has very high ideas about the value of his services. However, if this were one of your doctors billing the Klamath Medical Service Bureau for services, we would remit to him on a basis of the Oregon Physicians' Service fee schedule only. I do believe that is the way you should reimburse Dr. Compton for these services. I do know that the doctor saw this patient quite often and did spend a considerable amount of time in removing shot and so forth and I do not believe there is any flat fee schedule that would fit this particular situation. Therefore, if I were handling it I would allow a small amount of flat fee for the original work of taking care of removing shot and so forth and then pay him on the Oregon Physicians' Service schedule for the following calls, which would be, according to the note in the letter, approximately 32 calls. Also in making out the check to Dr. Compton, I would write on the voucher that this payment is based on Oregon Physicians' Service fee schedule and I don't believe you will have any further trouble with him.

* * * * *

Sincerely,

KLAMATH MODICAL SERVICE BUREAU

JLHICKS/gg By..... Mgr.

Plaintiff's Exhibit 2167

9959

MINUTES OF THE MEETING
of the
BOARD OF DIRECTORS
of
KLAMATH MEDICAL SERVICE BUREAU
held
TUESDAY, May 25, 1948

A regular meeting of the Board of Directors of the Klamath Medical Service Bureau was held at the Klamath Valley Hospital at noon Tuesday, May 25th, 1948. Members who were present were Vice-President Dr. Black, Assistant-Secretary Dr. Engelcke, Dr. Swedenburg, Manager Hicks, Vince Clapp and Lawrence Brown.

* * * * *

Dr. Black then called on Manager Hicks to read a letter from Oregon Physicians' Service with respect to payment

of fees to cooperating physicians. Manager Hicks read the letter which dealt with method and amounts to be paid cooperating physicians in serving the various Bureaus in Oregon. There was some discussion of this letter and it was decided to let the matter rest, with the Bureau continuing to pay the physicians outside of Klamath County based on two-thirds of Oregon Physicians' Service fee schedule until this matter was again discussed.

Vice-President Dr. Black then brought up for fee payment settlement the case of Floyd Kisner. This was an instance where Dr. Farley had billed the Klamath Medical Service Bureau for a local tonsillectomy done on the 22nd day of March and had also billed for two office calls on the 3rd and 4th of March. The Bureau office had not allowed for the two office calls and had paid the $45.00 fee for tonsillectomy. It was moved by Dr. Engelcke, seconded by Dr. Oldenburg, that the fee as allowed by the Klamath Medical Service Bureau of $45.00 for tonsillectomy be approved by the Board of Directors. This motion carried.

9960 Dr. Black then brought up for discussion fee for Walter Knapp's case. This billing was presented by Dr. G. A. Massey for ganglion tuberculin cyst. Dr. Massey had billed in the amount of $100.00 for removal of the cyst and $15.00 for assistant fee for G. D. Massey. After some discussion by the Board of Directors and, inasmuch as the O.P.S. fee schedule had been adopted in total, it would be necessary to apply this schedule in payment of this fee. (O.P.S. schedule allows $40.00 for removal ganglion cyst.) It was so moved by Dr. Oldenburg and seconded by Dr. Engelcke. Motion carried.

Dr. Black then brought up for discussion the fee for services rendered Jack Almeter. Klamath Medical Service ruling allowing $24.00 maximum fee in any 30 day period was applied in this case. Dr. Cronin called the Bureau office and reported that this case had required considerable amount of effort and time in treating Jack Almeter for coronary thrombosis and duodenal ulcer. The Board discussed this case to some extent but definitely decided that the rule allowing the maximum of $24.00 for the first 30 days of treatment should apply to this case as all others. It was moved by Dr. Oldenburg and seconded by Dr. Engelcke that the maximum fee of $24.00 be allowed and approved by the Board of Directors. This motion carried.

Dr. Black then brought up for discussion the fee payment and hospital payment for Ralph Duncan, employee of Willard Hotel. Dr. Black read a letter from Dr. W. Chas. Martin of Portland explaining the entire treatment and services rendered Mr. Duncan, also presenting a hospital bill in the amount of $116.10 from the Good Samaritan Hospital. It was moved by Dr. Engelcke, seconded by Dr. Oldenburg, that the Klamath Medical Service Bureau pay $116.10 for hospital services rendered Ralph Duncan inasmuch as this was definitely an emergency case. Motion carried. After some discussion the Board of Directors decided that with respect to payment of doctor's fees for services rendered Mr. Duncan it should be referred to the Board at a later date.

Dr. Black then brought up for discussion the case of Elliot and Florence Trees. Manager Hicks explained that this was one of the cases where a third party liability existed. During the month of August, 1946, Mr. Trees and his wife were driving in their car and were run into by a Klamath County Fire Truck. Apparently definite liability on the part of the county or its insurance carrier existed. Because of this apparent liability and the expectation of collecting hospital and doctor bills from the insurance carrier, Klamath Medical Service Bureau did not pay Dr. Lamb's fees nor the hospital fees for the services rendered Mr. and Mrs. Trees. Just recently the case was settled and Trees attorney, Pete Driscoll, refused to accept Klamath Medical Service Bureau's subrogation clause and protect them in payment of these bills. He also advised his clients, Mr. and Mrs. Trees, not to pay these bills. Manager Hicks stated that he had gone to Portland and discussed this problem with the attorney for Oregon Physicians' Service as well as Mr. Bectoll, Manager and attorney for National Hospital Association. Both these attornies felt that possibility of collection in this suit was very slim and advised against suing. However, Manager Hicks stated that Orth Sisemore, with whom he had discussed this case in Klamath Falls, felt there was a definite possibility of collection on this case. The Board of Directors discussed this case to some extent and decided to let it ride until the next regular Board meeting.

Dr. Black then brought up for discussion the case of Nellie Olson. Manager Hicks briefly outlined what had gone on before with respect to this case, stating that Mrs. Nellie

Olson had gone to Dr. Stearns with a serious eye condition. Dr. Stearns had diagnosed it as a detached retina and had stated that an operation would be necessary. Mrs. Nellie Olson then, of her own accord and of her own free will, went to Portland to Dr. Fixott to have surgery performed. This was done and Mrs. Olson returned to Klamath Falls. Again this retina became detached. She then went to Dr. Brown and requested referral to Dr. Fixott
9961 in Portland to again have this operation performed.
Dr. Brown wrote out a request for referral and sent her to see Dr. Farley to obtain this referral authority. Dr. Farley, on the 27th day of April, wrote that this matter should be referred to the Board of Directors for a ruling and did not okeh referral to Dr. Fixott. However Mrs. Olson again went to Dr. Fixott in Portland and had the detached retina operated on. After some discussion by the members of the Board of Directors it was decided that this case should be further investigated and again discussed at the next regular Board meeting.

Dr. Black then brought up for discussion the matter of purchasing four bed-pan washers for the Klamath Valley Hospital, these bed-pan washers to cost approximately $1500.00 installed. It was moved by Dr. Engelcke and seconded by Dr. Oldenburg that the Hospital Committee be given authority to arrange for the purchase of these four bed-pan washers. Motion carried.

Vice-President Dr. Black then called on Mr. Brown. Mr. Brown reported that he would need special authorization to buy necessary office equipment in addition to that purchased from Joe Hicks. It was moved by Dr. Engelcke and seconded by Dr. Oldenburg that Mr. Brown be authorized to puchase necessary equipment to set up the office for Klamath Medical Service Bureau. Motion carried.

There being no further business, the meeting adjourned.

(Signed) PAUL W SHARP

Plaintiff's Exhibit 2168

9962 COOS BAY HOSPITAL ASSOCIATION

DALE LILLEBO
Manager

Box 389
218 Hall Building
COOS BAY, OREGON

March 13, 1947.

Mr. W. L. Harris, Business Agent,
Local No. 140,
International Woodworkers of America,
Reedsport, Oregon.

Dear Mr. Harris:

Regret the delay in notifying you of the decision of the Board of Directors of the Coos Bay Hospital Association regarding the recognition of Dr. M. Amick.

The above mentioned decision hinged on the reaction of the other State recognized bureaus as to their recognizing any other than M. D.'s, and they in turn recognizing only licensed Medical Doctors the Coos Bay Hospital Association will do likewise.

Very truly yours,

COOS BAY HOSPITAL ASSOCIATION

(Signed) DALE LILLEBO
DALE LILLEBO, MANAGER

DL:gm
cc: to H. R. Husen, Reedsport, Oregon.

Plaintiff's Exhibit 2169

9964 NEW INDUSTRIAL ACCIDENT FEE SCHEDULE

Simplified, Amplified and Clarified

All Oregon physicians have now received from the Oregon State Medical Society a booklet of great interest and importance, the newly printed and revised Industrial Accident Commission "Medical Fee Schedule Rules and Regulations". Much of its contained material is not new but is now in format and order of appearance. The previous schedule has been simplified, amplified and clarified through a multitude of committee meetings between representatives of the state society, its interested groups of

general and specialized practitioners and the Accident Commission.

Special appreciation has been elsewhere recently expressed for the friendly cooperation of Dr. Wilmer C. Smith, Dr. Douglas Cooper and Mr. Ivan Brown of the Accident Commission. A number of practising physicians from Portland and other communities spent long hours in travel and meetings during the last nine months to produce the new schedule of fees and rules.

This booklet is important; its preparation has revealed a number of interesting and instructive facets of industrial accident insurance that require full discussion with physicians practising in Oregon. Many points of confusion and misinformation were illuminated and need presentation in the interest of better care for injured workmen. In this and future issues of the Bulletin different aspects of the field of industrial accident insurance will be presented at some length. Your questions and comments are earnestly solicited as we progress.

CHANGES EFFECTIVE JULY 1, 1947

Greatest interest will doubtless center upon the increase in fees payable retroactively to July 1, 1947. The new schedule materially increases financial returns to the physician, the exact amount varying with different injuries. Your committee made a determined effort to increase fees on the commonly occurring so called minor injuries, those which require expenditure of much time in both care and paper work but which have in past been "damned with faint payment".

We remind you that retroactive payment for services rendered since July 1, 1947, will in no small measure depend upon your rebilling of the Ancient Commission. The Commission has promised to process and adjust those bills in their hands on or after September 9, 1947. How well this is done you alone can judge, by close review of bills rendered since July. It will be well worth your while to conduct this particular research.

Although financial consideration of the doctor received first place in deliberations, constantly under study were methods to improve care of the injured workman. The legal raison dêtre of an accident commission is assurance of good and rapid medical and surgical care for those injured at the work place. Workmen's Compensation Laws instruct the Accident Commission to promulgate uniform

rules and regulations to this end. Discussion with the commission revealed various medical and surgical derelictions and existing rules were sharpened to ameliorate these.

Particularly troublesome has been the neglect of good and full records in the medical office and hospital, failure to promptly report injury to the Commission, and the production of large numbers of faulty and non-diagnostic exrays for which full payment has been solicited. Your medical society committee has concurred in the necessity for strengthening of rules to curb these crippling shortcomings in practice. It is hoped that each practising doctor will carefully read the whole booklet as he realigns his office for work under the "1947 Fee Schedule Rules and Regulations."

Forrest E. Reike, M.D.

(Look for subsequent bulletin articles on this subject).

9965 PREPAID HOSPITAL COVERAGE AVAILABLE FOR O.P.S. PHYSICIANS AND THEIR FAMILIES

Following approval by the Council of the Multnomah County Medical Society, the Oregon Physicians' Service office recently mailed to each cooperating physician in Multnomah County an explanatory letter and application card for participation in the "Prepaid Hospital Coverage Plan" for O.P.S. Cooperating Physicians and their Families.

The plan was initially placed in effect on the first of November, 1947, with some 25 physicians and their families participating. New applications are acceptable at any time, the coverage to become effective on the first day of the next month following receipt of the application.

* * * * *

(This exhibit is part of the November 1947 issue of the Bulletin of the Multnomah County Medical Society.)

Plaintiff's Exhibit 2171

9966 The regular meeting of the Jackson County Medical Society was held September 9, 1941, at the Hotel Holland, Medford, Oregon. Dr. Merkle was the host to a seven o'clock dinner.

Members Present: Drs. Kresse, Loefler, Merkle, Mallery, Heckman, Durno, McCracken, Holt, E. A. Woods, Bunocore, Thayer, Hayes, Green, Haines, Dodson, Coyle, Bishop, Poston, Harvey Woods, Standard, Shaw, Drummond, Halboth and Lemery.

Guests: Dr. Ringle.

Order of Business:

* * * * *

3. Dr. Bishop discussed State Medical Meeting—question of local hospital associations should be under one plan. Question did not carry.

Dr. Durno discussed State Medical Meeting—mentioned Dr. Baum, a friend of doctor owned hospital associations; also Dr. Hinton, president elect. The largest State Medical Meeting held so far.

Dr. Hayes stated that Jackson County was well represented and that the panel system was very instructive. Men that are active in practise give up many hours of time, effort etc.

Dr. Harvey Woods—brought up the question of hospital fees.

Dr. Hayes made a motion that the Secretary instruct Mr. Nims that the question be taken up with each hospital staff and then referred back to the Medical Society.

Dr. Halboth asked a question in regards to the Farm Administration Program. State Medical Society to approve first before component societies accept or adopt.

Dr. Halboth moved that this society favor attitude of the State Medical Society in regard to Farm Administration Program. Discussed by Dr. Durno.

Dr. Ringle who said that the State Medical Society has not definitely stated themselves, still trying to work out a program that would be acceptable. Says Farms Security Administration does not set schedule of fees, some disagreement. Motion withdrawn by Dr. Halboth until more information can be obtained.

Dr. Merkle discussed teachers health certificates, asked for co-operation in filling them out.

Dr. Lemery discussed meeting of S.O.M.S.A. to be held in October.

Sept. 9, 1941 Signed C W Lemery M D
Secretary.

Plaintiff's Exhibit 2172

9967 June 8, 1948

Mr. Joseph E. Harvey, Assistant Mgr.
Oregon Physicians' Service
1214 S. W. Sixth Avenue
Portland 4, Oregon

Dear Joe:

At our annual meeting held June 1, 1948, a number of the doctors asked me to explain the reasons for so many varied discounts from their fees for services to O. P. S. patients. It was rather a rough session and I gathered from some of their remarks that the discounts to different doctors for services in the same month were not uniform. Is this true?

I read to them your letter of May 6th in which you stated, "Within Oregon Physicians' Service we have accordingly decided that beginning April 1, 1948 we would make all "intra-pool" payments to physicians on the basis of the going percentage being paid in our state pool, but in no event at less than 80% of the new O.P.S. fee schedule." I more or less put myself in the spot by quoting this letter and your decision to pay at least 80% of the new O.P.S. schedule, because now I have before me a statement for services rendered during April by Dr. R. C. Knott, together with your letter dated May 26th, 1948 in which you state that April accounts are being paid at 50% of your fee schedule. Dr. Knott is one of a few who couldn't understand the basis for your discounts particularly after I had read your letter of May 6th to him.

I would like to be able to give Dr. Knott a satisfactory explanation of your statement to him. For your information we are submitting a copy of your statement to him for April services.

410199
10263

Dr. R. C. Knott

419		Hink, Arthur C.		100.00	50	50.00	
326	330	Pence, Olive E.	9	16.00	60	9.60	
1015	1027	Pence, Ollie E.		7.50	100	7.50	CR
			1 0217			52.10	

9968 If possible, will you please write to him direct explaining your system of discounts on the three different items included in his statement. I admit that I can't quite understand it either and I'm sure that Dr. Knott will appreciate an explanation of the different discounts.

Please understand that in my remarks to the group at the annual meeting I asked for continued cooperation and interest in O.P.S. in order to extend this state wide coverage as far as possible, and most of the doctors were in agreement with my request that regardless of fee schedule discounts at times we would continue to cooperate and service your patients. I, myself, realized naturally, why these discounts have to be made but some of the doctors don't understand your method of taking the discounts nor reasons for them in certain instances. Your reply direct to Dr. Knott will be appreciated.

Best personal regards,

PACIFIC HOSPITAL ASSOCIATION

C. F. Wright, Mgr.

CFW:BT

Plaintiff's Exhibit 2173

9969 SPONSORED BY THE OREGON STATE MEDICAL SOCIETY — OREGON'S APPROVED MEDICAL SERVICE PLAN

OREGON PHYSICIANS' SERVICE
(Emblem)

455 FERRY STREET
SALEM, OREGON

August 24, 1948

Mr. C. F. Wright, Manager
Pacific Hospital Association
Eugene, Oregon

Dear Max:

We have recently been receiving considerable inquiry from various locations in Lane County in respect to our individual coverage. As you know, we have not, except in a very few isolated instances, allowed such coverage to go into your area—however, it was the writer's understanding that you were contemplating possibly a similar coverage through your association. We would appreciate your thoughts and comments regarding such instances of inquiry.

In the most recent request we were informed that the parties concerned had two alternatives; one being to ask for our coverage, the other to obtain it through other sources such as insurance companies and possible commercial organizations. It appeared to the writer that this situation might bear reviewing, and upon receipt of the benefit of your personal thoughts it might make it easier for us to give an appropriate answer.

Sincerely hoping that you do not mind. Best personal regards.

Very truly yours,

OREGON PHYSICIANS' SERVICE

(Signed) A W KNOX.
A. W. Knox
Division Manager

AWK:bb

6562

9970

August 28, 1948

Oregon Physicians' Service
455 Ferry Street
Salem, Oregon

Attention: Art Knox

Dear Art:

In response to yours of the 24th you should know that we, at the present time, are issuing the new group family coverage for families of employees already covered by our Association. We want to start this plan first and get it fairly well established before we go into any type of individual coverage. Therefore, we have no plan to offer anyone requesting individual care in Lane County.

We know that it puts you on the spot when you receive these requests and for the time being we have no objection if you offer some type of individual coverage. We would rather you wouldn't offer them any type of group plan even though it seems logical to do so. Kem Manning and all the rest of your representatives have been very cooperative in forwarding all requests for group coverage to my office for us to contact and then if we feel they are not a good profitable group, we refer them back to your office. However the individual coverage is different and we would rather see you get the business than some of the private insurance companies or Blue Cross and, for that reason you have our permission to take on any of this business.

I presume that all of your contacts are by mail and that you don't send any representative down. We would rather not have any personal representative of O. P. S. soliciting business because some of our more rabid doctors may hear of it and raise a complaint against O. P. S.

I hope that this will enable you to take care of these individual requests from Lane County. Best personal regards.

Very truly yours,

PACIFIC HOSPITAL ASSOCIATION

C. F. Wright, Mgr.

CFW:gn

Plaintiff's Exhibit 2175

9971 SPONSORED BY THE OREGON STATE MEDICAL SOCIETY — OREGON'S APPROVED MEDICAL SERVICE PLAN

OREGON PHYSICIANS' SERVICE
(Emblem)

471 PITTOCK BLOCK
PORTLAND 5, OREGON

February 15, 1946

Dear Doctor:

The attached check, issued at 60% of fee schedule, represents payment of your O.P.S. accounts for November and December, 1945. As previously explained in a bulletin sent January 1, 1946, a recent order from the State Insurance Department demanded that Oregon Physicians' Service set up a cash reserve on December 31, 1945, amounting to $145,000. This amount is to be held in reserve for the purpose of paying medical, hospital and other service claims incurred in one fiscal period but not paid until the next fiscal period.

The source of such a reserve was necessarily from funds otherwise available for payment to cooperating physicians for services rendered prior to December 31, 1945. Throughout the entire state, the various "pool" divisions of O.P.S. have established their proportionate shares of the statewide reserve. After setting aside the required reserve amounts, the remaining available funds permitted payment of your bills for services prior to December 31, 1945 at the above indicated 60% of fee schedule.

It is anticipated that future adjustments of the reserves required, plus such additional reserves as may be accrued from current operating revenues will eventually permit the return to cooperating doctors of the original amounts withheld. However, it should be understood that the reserves are not a liability to member physicians on the books of the corporation.

Members of the O.P.S. field and administrative staff will be happy to provide further details concerning the establishment of this statewide reserve fund.

Very truly yours,

OREGON PHYSICIANS' SERVICE

Plaintiff's Exhibit 2176

9972 COPY

Dear Doctor:

The enclosed check in payment for your services to O. P. S. subscribers during April, May and June, 1946 is made out at 20.88 percent of fee schedule.

There is no single explanation of this unfortunate three month experience. Greater usage of supplementary services, *hospitalization*, nursing, drugs and blood for hospital cases, played a part in reducing the monies remaining for member physicians. However, the major cause lies in the fact that more medical and surgical services were rendered during this period than during the winter months of January, February and March.

An extremely interesting factor in this critical situation in Multnomah County is the experience of O. P. S. in other sections of the state. Without exception, the statewide experience during this period was excellent, the member doctors receiving 100% of fee schedule.

Your Supervisory Committee, fully aware of the seriousness of the situation, has insisted on an increase in premium rates to subscribers as of January 1, 1947. However, a rate increase is not the complete answer. Definite steps will have to be taken to eliminate wasteful and unnecessary expense.

If you will help the Committee by remembering that O. P. S. is to be treated as *your* organization, we can make *our* prepayment plan operate satisfactorily for both the subscribing public and the profession. Only in this way can we convince the people of Oregon that voluntary, professionally controlled plans offer more than political medicine.

We depend on your help and loyalty.

Very truly yours,

O. P. S. Supervisory Committee
for Multnomah County

C. P. Wilson, Chairman
R. H. Swinney
C. E. Carlson
W. H. Hollenbeck
Paul Bailey
D. S. Swart
H. B. Moore

Plaintiff's Exhibit 2177

9973 SPONSORED BY THE OREGON STATE MEDICAL SOCIETY

OREGON'S APPROVED MEDICAL SERVICE PLAN

OREGON PHYSICIANS' SERVICE
(Emblem)

1214 S. W. SIXTH AVE.
PORTLAND 4, OREGON

August 8, 1949

Dear Doctor:

June 1949 fee schedule percentages for the various Pools are as follows:

	June 1949 Percent of Fee Schedule
Central (Salem)	90%
Jackson	100%
Josephine	100%
Douglas	100%
Yamhill	70%
Linn	100%
Marion-Polk	100%
Lincoln	100%
Benton	100%
State	Deferred until July
Multnomah	70%
Crook	0%
Eastern Oregon	80%
Washington	100%
Columbia	80%
Clatsop	100%
Central Oregon	90%
Mid-Columbia	100%

Very truly yours,

OREGON PHYSICIANS' SERVICE

Plaintiff's Exhibit 2179

9974

MULTNOMAH COUNTY
MEDICAL SOCIETY
BULLETIN

VOL. 10 NUMBER 12

REGULAR MONTHLY MEETING
Wednesday, May 1, 1946, 8:00 P.M.
Auditorium of The Medical Dental Building

PROGRAM

ROBERT DOW
Indications for and Limitations of Sympathectomy for Peripheral Vascular Disease

FRANKLIN J. UNDERWOOD
Medical Management of Peripheral Vascular Disease

JOHN RAAF
Extensive Sympathectomy for Essential Hypertension

COUNCIL MEETING
Tuesday, April 30, 1946—8:00 P.M.
Auditorium of The Medical-Dental Building

April 15, 1946

9977 OREGON HOUSE OF DELEGATES MEETING

On April 6, 1946, The House of Delegates held their mid-year meeting, preparatory to dispatch of representatives to the A.M.A. House of Delegates meeting set for early summer in San Francisco. Space does not permit comment in this issue on all items of business, but we shall review them in due course; a beginning can be made now, however.

Dr. E. H. McLean, immediate past president of the State Society and present alternate, was moved up to the position of Delegate to the A.M.A. Dr. Raymond McKeown of Coos Bay was elected as alternate. These men will be called upon to represent the state at A.M.A. deliberative sessions which must adapt American medicine to changing needs and shifting philosophies. It is well to recall that A. M. A. national policy and leadership arises from the House of Delegates. Oregon's elected delegates inspire confidence; their task will be made easier if you will express opinions to them and then stand behind them with unity.

The House heard debate on the matter of fees to insurance companies. Company representatives pointed out that examinations varied widely in quality and care and maintained that $5.00 was an adequate average fee. The House opined that a good examination was worth $7.50 and suggested that doctors doing poor examinations be removed from insurance company rolls. By unanimous motion examination fee was raised from $5.00 to $7.50.

A second insurance matter was reemphasized regarding reports requested by insurance companies on applicants or claimants previously seen by the physician as private patients. In 1938, The Council established a minimum fee of three dollars ($3.00) for such reports.

A third matter concerned the congenitally awkward relation of private practice to preventive medicine. Under scrutiny in this instance was a request by the State Board of Health for society approval of the very successful photofluorographic chest x-ray case finding program as now conducted on a state wide front by the Board of Health and The Oregon Tuberculosis Association. The Society's reaction was somewhat qualified.

The A. M. A. ten point national health program specifically endorses strengthening of preventive medicine in its various applications. The A.M.A. Council on Industrial Health has heartily endorsed mass chest x-ray surveys in early discovery of T. B. Chest physicians now readily admit that chest x-ray far surpasses other case finding methods in effectiveness. Statistics developed in the war years overwhelmingly support the value of photofluorographic screening of well people. X-ray surveys as conducted in Oregon have to date uncovered scores of those with early tuberculosis.

Despite these successes there remains an undercurrent of criticism among state and local societies toward those

conducting this valuable work. It is not fair to the public that such a life saving procedure be operated below optimum effectiveness. We urge that the State Council come forward with suggestions for remedy of any correctible faults in survey methods or advance a genuine stamp of approval. Underground criticism accomplishes very little good and should be discontinued immediately.

PERMANENTE FOUNDATION OF OREGON

Local physicians confess to much surprise at recent cancellation of O.P.S. contracts at Oregon Shipbuilding Corporation and Kaiser Company's Swan Island plant. With no previous warning to employees, 70 per cent of whom have voluntarily participated in prepayment medical service supplied by their longtime Portland physicians, the Kaiser management has signed a contract with their Northern Permanente Foundation group at Vancouver. This group has demonstrated intent to move into Oregon by incorporating in this state.

The medical society begins to doubt the good faith of both the Kaisers and the Permanente Foundation in this matter of health care to the public. Oregon Physicians' Service was brought into being to serve, among others, 65,000 new and old Portlanders employed at Oregon Ship and Swan Island. At one time 40,000 employees of these two yards were served. Through O.P.S., local physicians offered good service to war workers at a premium which never rose a cent above prewar figures. Multnomah county's physicians further subsidized health work of Kaiser workers while pouring $90,000 into Vanport Hospital operation in 1943-1944. Now that the war is done and veteran members have returned, the Society is offering prepaid care to families and is preparing to enter the field of preventive medicine to preserve health.

There is, then, understandable confusion among our membership as to why Permanente continues to elect to write exclusive contracts limiting Portland workers to
9979 the service of a few physicians at an essentially closed-staff hospital in East Vancouver.

This Society feels that Permanente physicians did a good war-time job. We would be happy to see them enter practice in Portland as members of this Society and as participants in Oregon Physicians' Service, a prepaid insurance

plan which protects the workman's free choice of doctor and hospitals. We think our system works well for our patients. On the other hand, we find it entirely objectionable for Permanente Foundation or any other medical insurance group to restrict the patient's right of free and wide choice of medical service.

———0———

NEW CONTRACTS IN MULTNOMAH COUNTY IN MARCH, 1946

Bargelt Supply Company
Columbia Food Company
J. W. Giselman
International Woodworkers of America
Jewish Community Center
Johnson Motor Company
Miller Clothing Company
Northwestern Drug Company
Simon & Smith

———0———

BULLETIN MAILING LIST

As a courtesy to returning servicemen and practising physicians in other counties this Bulletin is temporarily being mailed to membership of the Oregon State Medical Society, physicians in neighboring counties of Washington, hospital house staffs and medical students at the University Medical School. If there are other closely allied individuals or groups who may be assisted by receipt of the Bulletin, please call them to our attention.

———0———

CONTRACTS CANCELLED IN MULTNOMAH COUNTY IN MARCH, 1946

Bamford-Chase Machine Company
East Side Ambulance Service
Logan War Products Plant
No. 1 and No. 2
Office of Defense Transportation
U. S. Civil Service Employes

Number of contracts in Multnomah County as of February 28, 1946: 720

Number of new contracts in Multnomah County in March, 1946: 9

Number of contracts cancelled in Multnomah County in March, 1946: 5

Number of contracts in Multnomah County as of March 31, 1946: 724

Plaintiff's Exhibit 2180

9981 Oregon State Medical Society

MINIMUM INDUSTRIAL FEE SCHEDULE

Published by Authority of the Council

July 1, 1934

PRESERVE FOR REFERENCE

9982 To the Members of the
Oregon State Medical Society:

This minimum industrial fee schedule is printed by authority of the Council. It should be kept as a reference for use in connection with industrial accident cases. This schedule should be adhered to as far as possible, bearing in mind the long-established ideal of the medical profession to render good service to all at fees commensurate with the patient's station in life.

The fees set forth in this schedule are intended to represent the minimum value of the professional knowledge and skill and the expense involved in rendering the various services.

These fees may be diminished at the discretion of the physician when he believes that the patient cannot afford to pay the minimum fees, and yet is able to make some compensation; but these fees should not be reduced except for motives of charity and benevolence.

The promulgation of this fee schedule is not designed to prevent gratuitous services to those who are incapable

of making remuneration without distressing themselves or their families.

While the practice of medicine is a profession, we should bear in mind that the successful maintenance of proper medical standards involves a reasonable financial return to the physician. This return should be sufficient to pay the physician's overhead expense which averages from 40 to 50 per cent of gross receipts, as well as provide a reasonable compensation for the physician's professional knowledge and skill.

9984 IMPORTANT RULES APPLYING TO CASES UNDER THE JURISDICTION OF THE STATE INDUSTRIAL ACCIDENT COMMISSION

Prompt Billing Required

Bills for services rendered a claimant under the Workmen's Compensation Act must be filed with the State Industrial Accident Commission, Salem, Oregon, within 60 days next following the completion of these services. This is a necessity, as the cost of medical care enters into the employer's experience rating, which governs the rate charged to the employer. The Commission urges early billing in all flat-fee cases and at least every 60 days in extended treatment cases not under flat-fee schedule.

Prior Authority Required For Extended Treatment

When services will be rendered which will exceed the sum of $100, authority must be obtained from the Commission PRIOR to rendering such excess services.

X-Ray Films

X-ray films must be sent to the State Industrial Accident Commission. Films which do not show sufficient field or clearness of detail to be diagnostic will not be paid for.

Details of Service Required.

Dates and complete items of services must be accurately listed.

Limitation on Daily Dressings—Medical Appliances

Fees covering daily dressings either in hospital or office will not be paid for unless the nature and extent of the in-

jury, as shown by the proof on file, clearly indicate the necessity for same.

The fee schedule includes all dressings unless the case shows that an excessive amount of material had to be used. In that case, it will be paid for at cost. Medical appliances are not provided.

Billing for Medicines

Bill must be accompanied by a copy of the prescription for checking purposes and must show name of employee and employer.

Limitation on House Calls

The Commission will not pay for house calls to visit patients who are ambulatory and able to come to the physician's office for treatment or dressings.

Limitation on Physician's Mileage

The Commission will not pay physician's mileage for visiting patients transferred to another locality for hospital care, unless the approval of the Commission is obtained for continuing in charge of the case thus transferred.

Separate Bills Required

The law requires that separate bills be presented by each surgeon, assistant, anesthetist, consultant, hospital, or special nurse, and the records in the office of the Commission must show that payment was made to the party who rendered the service.

Prior Authority Required for Second Course of Treatment

Bill for a second course of treatment for the original accident will not be considered unless necessity for such treatment is first taken up with and authorized by the Commission.

(The rest of this exhibit contains actual Industrial fee schedules.)

Plaintiff's Exhibit 2181

9990 (Emblem)

STATE INDUSTRIAL ACCIDENT COMMISSION

WORKMEN'S COMPENSATION LAW

SALEM, OREGON

A. R. HUNTER
O. R. HARTWIG
T. MORRIS DUNNE
COMMISSIONERS

CLAIM DEPARTMENT
R. E. JACKSON
CLAIM AGENT

May 3, 1935

National Hospital Association
Portland, Oregon

Attention: *W. J. Page*

Gentlemen:

Replying to your letter of April 25th would advise that hereafter all bills for X-rays will be paid to hospitals in accordance with the schedule provided by the State Medical Society; Hereafter, we will revise all charges for X-ray services accordingly.

For your convenience we are enclosing our schedule. Hospitals should follow the fees as quoted in the last column.

Yours very truly,

STATE INDUSTRIAL ACCIDENT COMMISSION

(Signed) R E JACKSON.
Claim Agent

BHC:FP
Enc/ 1

9991 NOTICE TO ALL HOSPITALS

Preserve for Reference

The X-Ray schedule as specified upon our form 133 is now obsolete. Hereafter hospitals will be paid in accordance

with schedule compiled by the State Medical Society. The following schedule is subject to a discount of 25%.

* * * * *

Hospitals should charge for X-Rays in accordance with the figures in the last column.

STATE INDUSTRIAL ACCIDENT COMMISSION

R. E. JACKSON
Claim Agent

Dated at Salem, Oregon May 1, 1935

9992 April 25th, 1935.

State Industrial Accident Commission,
Salem, Oregon.

Gentlemen:

We acknowledge your letter of April 23rd quoting x-ray fees paid to hospitals. In comparing the fee schedule set forth on your hospital bill forms, we note it differs from the schedule quoted in the red book. The following is a comparative table showing the differences:

	Hosp. Bill Form		Red Book	Red Book Less 25%
Hands	$ 3.00		$ 5.00	$ 3.75
Arm	5.00		7.50	5.63
Legs	5.00		7.50	5.63
Feet	5.00		7.50	5.63
Pelvis	7.50		10.00	7.50
Hip	7.50		7.50	5.63
Shoulder	7.50	A.P.	5.00	3.75
"		Two views or Stereos)	7.50	5.63
Spine	10.00	A.P.L.	15.00	11.25
Head	10.00		10.00	7.50

We have had some difficulty with some of the hospitals regarding the fees to be paid under our State Medical Aid contracts for x-rays. We have endeavored to pay the fee schedule adopted by your Commission but since it varies are at a loss to know just what fees should be paid. Will you kindly give consideration to the foregoing and if you

decide upon one schedule, we would appreciate your advice as to what fees are adopted.

Yours very truly,

NATIONAL HOSPITAL ASSOCIATION

W. J. Page
Service Manager.

WJP Mc

9993 (Emblem)

STATE INDUSTRIAL ACCIDENT COMMISSION

WORKMEN'S COMPENSATION LAW

SALEM, OREGON

A. R. HUNTER
O. R. HARTWIG
T. MORRIS DUNNE
COMMISSIONERS

CLAIM DEPARTMENT
R. E. JACKSON
CLAIM AGENT

April 23, 1935

National Hospital Association
Portland, Oregon

Attention: Mr. W. J. Page

Gentlemen:

Replying to your letter of April 20th regarding the question of payment of X-rays, would advise that this office uses, as a rule, the old schedule as provided on our hospital bill. However, if a hospital should use the schedule as specified by the red book published by the State Medical Society, then we would, of course, take a discount of 25%.

Yours very truly,

STATE INDUSTRIAL ACCIDENT COMMISSION

(Signed) R. E. JACKSON
Claim Agent

BHC:FP

9994 April 20, 1935.

State Industrial Accident Commission,
Salem, Oregon.

Gentlemen:

Will you please advise us what fees you are now paying to hospitals for x-ray work. Is the same fee that you pay to doctors for x-rays, paid to hospitals and x-ray laboratories.

It is our understanding that the fees quoted in the red book published by the Medical Society apply, except that you take a discount of 25%. Is this correct?

Thanking you for the information, we are

Yours very truly,

NATIONAL HOSPITAL ASSOCIATION.

W. J. Page
Service Manager.

WJP Mc

Plaintiff's Exhibit 2182

9995

JAMES C. HAYES
Physician and Surgeon
Medford Building
Medford, Oregon

November 19, 1935

Mr. C. C. Bechtold
National Hospital Association
Portland, Oregon

Dear Charles:

Enclosed find fee schedule which the Public Relations Committee presented to the Medical Society at the last meeting for their consideration. We are mailing copies to your Association and to the Industrial Hospital Association. No action was taken at this time.

A fair consideration was given by the Committee on every charge mentioned. We hope that the schedule will meet with your approval and we will be delighted to have you come and meet with us sometime during the month of December at one of our regular meetings, or on one

of your visits to Medford the Public Relations Committee will be glad to meet with you and discuss this matter.

We have been very busy here of late, not with industrial patients, but with an epidemic of measles, scarlet fever and infantile paralysis, especially the last has worried the public a great deal.

There is not much going on in the industrial line at the present. The Medford Corporation have shut down their operations in the woods and will not open up until sometime after the first of the year.

With kindest regards, I am,

Very truly yours,

(S) James C. Hayes

JCH/k
Encl:

(COPY)

Plaintiff's Exhibit 2183

9997 (Emblem)

STATE INDUSTRIAL ACCIDENT COMMISSION

WORKMEN'S COMPENSATION LAW

SALEM, OREGON

A. R. HUNTER
O. R. HARTWIG
T. MORRIS DUNNE
COMMISSIONERS

CLAIM DEPARTMENT
R. E. JACKSON
CLAIM AGENT

April 6, 1936

National Hospital Association
Mohawk Bldg.
Portland, Oregon

Attention: *W. J. Page*

Gentlemen:

Replying to your inquiry of April 1st would advise that your understanding regarding the X-ray fee in this case is correct and coincides with the "Minimum Industrial Schedule" adopted by the State Medical Society.

May we call your attention however to the fact that the gastro intestinal X-ray fee is without gall bladder. You will notice that gall-bladder without dye is $5.00 and with dye is $15.00, less 25%.

Very truly yours,

STATE INDUSTRIAL ACCIDENT COMMISSION

(Signed) R E JACKSON
Claim Agent

BHC:FP

9998 April 1, 1936

State Industrial Accident Commission
Salem, Oregon

Gentlemen:

Will you please advise us what fees you pay for a complete Gastro Intestinal X-ray and X-ray of the Clavicle. Our understanding from your schedule is that the G. I. X-ray is $25.00 less 25%, $18.75 and that the Clavicle X-ray is $7.50 less 25%, $5.63. We would appreciate it if you will verify these rates.

Yours very truly,

NATIONAL HOSPITAL ASSOCIATION

W. J. Page
Service Manager

WJP LEH

Plaintiff's Exhibit 2184

9999

(Emblem)

STATE INDUSTRIAL ACCIDENT COMMISSION

WORKMEN'S COMPENSATION LAW

SALEM, OREGON

A. R. HUNTER
T. MORRIS DUNNE
J. C. JOY
COMMISSIONERS

CLAIM DEPARTMENT
R. E. JACKSON
CLAIM AGENT

April 15, 1937

National Hospital Association
Mohawk Bldg.
Portland, Oregon

Attention: *Mr. W. J. Page*

Gentlemen:

Replying to your inquiry of April 12th we are pleased to give you the following information:

Effective Jan. 1, 1937, the Commission increased ward rates at hospitals to the amount of $3.00 per day, or $21.00 per week. This was the only increase that was made, and should include all service that was previously included in the $18.00 rate, namely, ordinary drugs and dressings, urinalysis, and general ward care. We do not pay for extra drugs and dressings unless an excessive amount has been used. In order to determine this question we use the rule that 50¢ per day of our ward rate should include drugs and dressings. If the hospital has a bill for these materials we deduct 50¢ per day for each day the man was in the hospital from their bill for drugs and dressings and pay the remainder. The Commission only pays for laboratory service where the attending physician contemplates a major operation, and in such cases it allows $3.50 for the first week, $1.00 for the second week and 50¢ for the third week; in no instance would we pay a fee in excess of $5.00 for laboratory service.

Operating room—You will doubtlessly recall that we at one time had considerable argument with the Portland hospitals relative to the question of surgery at major opera-

tion, and for anesthetic. At that time it was determined that the hospital should be paid $10.00 for use of surgery at major operation and the nurse who rendered anesthetic should also bill us for $10.00; in practice, however we find that in some instances the hospital does not allow their anesthetist to bill us direct. We have therefore in some instances in Portland required the hospital to itemize their $10.00 charge for use of surgery and $10.00 for anesthetic. In most instances however the anesthetist bills us direct for this service. For this reason the rule is no longer effective regarding a maximum fee of $15.00 to include surgery and anesthetic, although it is sometimes
10000 used.

X-rays—All fees for X-rays as compiled in the red book issued by the State Medical Society apply to hospitals. In fact some time ago we notified every hospital in the state regarding this matter, and have placed the appropriate fee upon a recent hospital schedule we had printed. We are enclosing one of these schedules. You will note that we have already taken twenty-five per cent off before printing this schedule.

We trust the above information answers all questions you have in mind, but in case it does not, we will be glad to amplify on any other question.

Very truly yours,

STATE INDUSTRIAL ACCIDENT COMMISSION
R. E. Jackson, Claim Agent

By (Signed) B. H. CONLEY

BHC:FP
Enc/ #133

10001 STATE INDUSTRIAL ACCIDENT COMMISSION

WORKMEN'S COMPENSATION LAW

SALEM, OREGON

NOTICE TO PHYSICIANS

The following maximum fee schedule will apply to all accidental injuries handled for the Oregon State Industrial Accident Commission occurring on or after April 1, 1938.

When the workman's claim has been established through claim reported by employers' and physicians' reports, bills should be rendered as promptly as possible following termination of treatment.

Bills must be itemized showing date of each visit, dressing or operation and the charge for each item.

Unless there is a reasonable explanation for bills covering daily dressings, same will be reduced, unless the nature and extent of injury as shown by the record thoroughly indicate the necessity for such daily dressings.

Charges in accordance with this fee schedule should include all necessary dressings, except in those cases requiring excessive dressings or material, in which case the additional cost of dressings and materials will be paid at cost.

All bills for medicine must be accompanied by copy of the prescription, and must include the name of both the employe and employer.

* * * * *

10003 (Emblem)

STATE INDUSTRIAL ACCIDENT COMMISSION

WORKMEN'S COMPENSATION LAW

SALEM, OREGON

CHAS. T. EARLY
A. R. HUNTER
ARTHUR W. LAWRENCE
COMMISSIONERS

R. E. JACKSON
CLAIM AGENT

NOTICE TO PHYSICIANS

Please be advised that effective July 1, 1931, the State Industrial Accident Commission has adopted the following Surgeons' Maximum Fee Schedule and rules applying thereto:

Physicians' bill can not be honored until reports of accidents are received from the employer, the workman and the physician. When all reports are at hand, and the workman has accepted compensation, payment for medical and surgical aid, if in accordance with this schedule, will be

made promptly. Bills should be rendered promptly, on reverse side of bill form.

These fees will apply only to injuries sustained on or after July 1, 1931.

Bills must be itemized, showing the date of each visit, dressing, or operation, and charge for each.

Fees covering daily dressing shall not be paid unless the nature and extent of the injury as shown by the proof on file clearly indicate the necessity for same.

This fee schedule includes all dressings unless the case shows that an excessive amount of material had to be used. In that case it will be paid for at cost. Medical appliances are not provided.

Medicines—Bill must be accompanied by a copy of the prescription for checking purposes and must show name of employe and employer.

* * * * *

GENERAL REGULATIONS

The Commission will not pay for house calls to visit patients who are ambulatory and able to come to the physician's office for treatment or dressings.

The Commission will not pay physician's mileage for visiting patients transferred to another locality for hospital care unless the approval of the Commission is obtained for continuing in charge of the case thus transferred.

The law requires that separate bills be presented by each surgeon, assistant, anesthetist, consultant, hospital or special nurse, and the records in the office of the Commission must show that payment was made to the party who rendered the service.

Bill for a second course of treatment for the original accident will not be considered unless necessity for such treatment is first taken up with and authorized by the Commission.

Dr. ANDREW C. SMITH,
Chief Medical Adviser for the
STATE INDUSTRIAL ACCIDENT COMMISSION

Approved:

CHAS. T. EARLY,
A. R. HUNTER,
ARTHUR W. LAWRENCE,
Commissioners.

Plaintiff's Exhibit 2185

10004

SCHEDULE OF MEDICAL *and* SURGICAL FEES

(With General Coverage and Application Information)

Payable by the

NATIONAL HOSPITAL ASSOCIATION

Under Its

GROUP EMPLOYE CONTRACTS

on cases arising on or after September 1, 1946

***

NATIONAL HOSPITAL ASSOCIATION

(Emblem)

732 S. W. Third Avenue
Portland, Oregon

***

Established in 1906

SECOND EDITION

FOREWORD

The fees contained in this schedule will be paid by the National Hospital Association for the benefit of employees under its group employee contracts. These fees are not subject to discounts or other percentage reductions and will be paid as listed.

It will be understood, of course, that the Association cannot assume an employee's bills until his eligibility to the service at the expense of the Association has been established, and doctors will greatly facilitate payments of their accounts by properly itemizing their bills and otherwise co-operating with their patients in establishing their claims with the Association. Bills will be paid direct to the attending doctors or in reimbursement to the employee.

* * * * *

10018 X-RAY FEE APPLICATION INFORMATION

Fees quoted for x-ray examinations intend the customary number of views required to establish a proper diagnosis and charges for x-ray films that are not diagnostic will not be paid.

X-ray films with written diagnosis must accompany all bills for x-ray examinations.

X-ray for recheck to note position or progress of fractures or progress of a medical condition will be paid on the basis of 50% of the original fee.

Charges for gastro-intestinal or gall-bladder studies or x-rays for other medical diagnosis will be accepted only when work is done by recognized radiologists. Exceptions will be made in those communities where radiologists' services are not available, provided that the attending physician has had special training in radiographic work.

X-ray of the teeth for medical diagnosis will be assumed by the Association, but not for dental diagnosis.

* * * * *

10021 * * * * *

GENERAL INFORMATION FOR DOCTORS

1. Cases critical or unusual in their nature should be reported to the Association at once, and any case requiring services over a period longer than thirty days should be reported to the Association each thirty-day period. The doctor's report should show patient's condition, progress, and an estimate of the additional care required. Doctors will protect their accounts and avoid misunderstandings by a strict compliance with this regulation.

2. The Association will assume charges for Physical Examinations (Not physical checkups or for marriage, insurance, employment, eye refractions, etc.) only to the extent necessary to diagnose a particular existing condition. Charges will not be assumed for x-rays or laboratory examinations that are excessive or that do not relate to the particular condition under treatment.

3. Doctors desiring to refer patients to specialists for examination or care are requested to report such cases to the Association. To avoid misunderstandings it is desirable that the Association be notified in advance, with re-

port of history and diagnosis so that the patient's eligibility to care under the contract may first be determined.

4. Pathological reports of tissue examinations must be furnished the Association by the hospitals. Where hospitals do not maintain recognized pathological departments, specimens, properly prepared, should be sent to the nearest registered pathologist or to the offices of the National Hospital Association in Portland.

10022 5. Charges for Prescription Medicines are not assumed by the Association except when employes are necessarily confined in a hospital.

This schedule is intended for usual services, and payments will be made in conformance with fees listed. Fees for operations and special procedures not listed will be paid on the basis of the listed fee for the operation or special procedure most comparable.

CONTRACT COVERAGE

Except as hereinafter stated National Hospital Association contracts for employed groups provide for medical and surgical services, hospital care and related services for acute sicknesses and away-from-employment injuries occurring any time in which the employee's dues have been paid. The contracts also provide services for certain chronic conditions where the condition becomes acute after certain periods of coverage, stated in the particular contract.

Benefits are not included for the following conditions: Insanity, Mental Disorders, Senility, Pregnancy and Childbirth and conditions arising therefrom; Venereal Diseases; Alcoholism; Deformities, Congenital Conditions, Conditions existing at the time of coming under the agreement; Injuries resulting from intoxication or acts of violence, injuries for which third parties are legally responsible, Occupational injuries coverable by Industrial insurance or Workmen's Compensation laws or contracts, nor injuries or diseases for which the employee is entitled to like benefits from any Federal, State or other Governmental agency.

Employees, when applying for treatment, will present doctors with "Employee's Receipt for Hospital Dues" for the current month. These receipts should be taken up by the doctors and mailed to the Association with the doctor's itemized statement for services rendered.

The "Employee's Receipt for Hospital Dues" properly issued by his employer is notice to the doctor that the employee is covered by the National Hospital Association, but his eligibility to services for the particular condition is at all times subject to the provisions of the contract under which he is covered.

10023 COMPENSATION CASES

Work Injuries and Occupational Diseases

Generally, National Hospital Association contracts do not include work injuries or occupational diseases, it being understood that the treatment and care of such cases is under the supervision and control of the compensation department of the respective state, or other compensation carrier, but in those instances where by special arrangement the Association assumes the care of such cases, the fees and regulations of the Compensation Department of the respective state shall apply.

HOSPITAL CARE

1. Where an employee requests hospital care at the expense of the National Hospital Association, the hospital should immediately notify the Association, giving the patient's name, name of his employer, attending doctor, and the nature and seriousness of the condition for which care is required. Upon receipt of such notice, the Association will investigate the patient's eligibility to care at its expense, but it cannot assume responsibility for the patient's care until eligibility has been established.

2. "Hospital Care" means care in a general ward. An exception to this rule will be made in cases where the employee's condition is of such a critical nature as to make special care definitely necessary, but at no time will the Association be responsible for private room charges unless the hospital has first obtained authority to charge the private room to the Association's account. If an employee personally engages a private room, the Association will assume the general ward rate notwithstanding.

3. The Association will not assume charges for hospital care of patients who are ambulatory, and hospitals permitting patients to remain after the patient has become ambulatory must do so at the patient's expense.

4. Where a patient requires hospital care for a period longer than thirty days, the hospital shall notify the Association each thirty-day period and furnish to the Association an estimate of the additional care required.

5. Hospital care is not provided in cases subject by law to quarantine.

6. All items for which hospital charges are made must be fully itemized and quantities of medicines and other supplies must be stated. Case histories, operative records and pathological findings must accompany hospital bills. Payment for x-rays and laboratory charges will be made at the fees listed in the schedule contained in this booklet.

PAYMENT OF BILLS

By observing the following, doctors will avoid unnecessary correspondence and be assured of prompt payment:

1. Bills for services in the previous month should be mailed to the Association between the first and the fifth of the succeeding month, accompanied by the "Employe's Receipt for Hospital Dues."

2. Bills should be submitted on forms furnished by the Association and contain all of the information requested on the forms.

3. Bills must be completely itemized showing (a) condition treated, (b) dates of service, (c) nature of services and (d) charges for each item of service.

Many hundreds of bills are received by the Association monthly and those not properly presented must of necessity be returned for completion. Completed bills will be paid as early as possible after received, allowing necessary time for auditing and checking.

(The rest of this exhibit consists of actual fee schedules.)

6588

Plaintiff's Exhibit 2186

10025 THE BULLETIN

MULTNOMAH COUNTY MEDICAL SOCIETY

JANUARY 1948 (Illustration)

10026 THE BULLETIN

of the

MULTNOMAH COUNTY MEDICAL SOCIETY

VOL. III JANUARY, 1948 NO. 1

Official Publication
of the
Multnomah County Medical Society

Authorized by the Council of the Multnomah County Medical Society and published monthly under the auspices of the Committee on Public Relations:

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Editorial and advertising offices: 831 S. W. 11th Avenue, Portland 5, Oregon; Telephone ATwater 4175.

Opinions expressed in Bulletin articles, whether signed or unsigned, are those of the individual writers and do not necessarily represent the opinions or policies of the Committee on Public Relations or the Multnomah County Medical Society.

10027 SICKNESS INSURANCE IN A FREE SOCIETY

O. P. S. Makes Steady Growth During 1947

During the year 1947 Oregon Physicians' Service registered a substantial growth which has brought its statewide volume to a point slightly higher than the peak subscription reached at the height of war-time activity in this area. From a total of 60,000 subscribers enrolled as of January 1, 1947, O. P. S. reached a membership of approximately 80,000 as of January 1, 1948, an increase of 20,000 subscribers during the year 1947. This increase included 15,000 subscribers in employe groups and approximately 5,000 in the family classification.

Eight-hundred-and-fifty new employe group and family group contracts were written throughout the state during the past year. Employe group contracts now total 2,351, while 477 family group contracts are held. Figures given in this report indicate only group subscriptions, and do not include individual or individual family contracts signed during the latter part of 1947 after the institution of the new programs.

As of the first of the year 952 physicians and surgeons throughout Oregon held cooperating agreements with Oregon Physicians' Service. Every city and town in the state is represented on the O. P. S. list of cooperating physicians, surgeons and specialists.

Individual and Family Coverage Making Start

Semi-full coverage for employed individuals and surgical, limited medical and hospitalization coverage for the families of employed individuals now are being offered by

O. P. S. in nineteen counties of the state. During the initial two months of this new program some 1500 people were enrolled under these new contracts. Close to 7,000 inquiries were developed during the initial period and it is anticipated that a percentage of this number will become enrollees in due course.

Twenty-seven Oregon newspapers currently are included in the O. P. S. advertising program in promotion of the new-type individual and family coverage offerings. Starting shortly after the middle of January, twelve Oregon radio stations will broadcast short daily announcements of the new program throughout a sizable section of the state. Only newspapers and radio stations located in areas wherein country medical societies have approved the new programs are being utilized.

Based on results obtained to date under the new programs, it may be anticipated that between 8,000 and 12,000 new enrollees probably will be added to O.P.S. subscription lists during the first year of active promotion of the semi-full coverage and family coverage programs for employed individuals and their families. Up to the present time the newspaper and radio promotion programs have resulted in an increase in interest shown in O. P. S. employe group coverage throughout a large section of the state.

Survey Report Given Study

The business consulting firm of McKinsey and Company completed a comprehensive survey of Oregon Physicians' Service operations and rendered its report and recommendations to the Board of Directors of O. P. S. in November. After giving the entire matter lengthy consideration, the Board of Directors has transmitted the report and recommendations to the council of the Oregon State Medical Society. After additional copies of the report have been obtained, one or more copies will be furnished to the Supervisory Committees of all county medical societies representing areas wherein O. P. S. operates directly.

10028

Subject to the advance approval of the council of the Oregon State Medical Society and the several county medical societies, it is anticipated that some of the recommendations made by McKinsey and Company may be placed in effect gradually as opportunity may be offered. No sudden change of any type is contemplated.

Plaintiff's Exhibit 2187

10030 OREGON PHYSICIANS' SERVICE

Divorce Hospital Coverage From O. P. S. Contracts?

To many physicians it is somewhat a mystery why O.P.S. does not get out of the hospital coverage business—turn its hospitalization contracts over to Blue Cross, and limit its activities to medical coverage. The inevitable conclusion drawn by special committees that have from time to time studied this problem, is that, while separation of the medical and hospitalization phases may be desirable in principle, no practical method of accomplishing the separation is available.

Essentially, the problem is simple. O.P.S. offers 180 days full hospitalization. Blue Cross, 21 days full, and 90 days half hospitalization. Cost to the subscriber: O.P.S. $.95 per month; Blue Cross, $1.10 per month.

The O.P.S. hospitalization coverage and that of the lay owned associations are quite similar—both as to benefits and cost to the subscriber. Whether we like it or not, the majority of subscribers throughout Oregon have come to expect the more extensive coverage offered by O.P.S. and the lay associations. Accordingly, Blue Cross coverage has been accepted to a greater degree in fields not covered by O.P.S.

Facing the issue squarely, discontinuance of O.P.S. hospitalization coverage would encourage transfer of both medical and hospitalization coverage to the lay owned associations—not to Blue Cross.

COST DATA

O.P.S. Total Cost to subscriber per month	$3.00
Actual hospital costs in Multnomah County for July, August and September, 1946	.79
Funds available for medical care and administration	$2.21

If Blue Cross Hospitalization were to be substituted for the O.P.S. hospital coverage in Multnomah County, the total cost to the subscriber would be:

O.P.S. medical	$2.21
Blue Cross Hospitalization	1.10
Total cost to subscriber per month	$3.31

Until such time as a truly competitive plan can be offered by the hospitals, it appears that the best interests of both the medical profession and the hospitals will be served by O.P.S. continuing its present "one package" coverage.

O. P. S. Outlook Better

Cooperating O.P.S. physicians and surgeons in Multnomah County received, during July, August and September, 69.03 per cent of fee schedule. While not a complete recovery, it is an improvement over the preceding quarter's bad showing.

The encouraging part is that the 69.03 percentage was made on the $2.50 per month subscriber rate—not the new $3.00 rate. If we were to extend the $3.00 rate to the experience during July, August and September, we would find that a payment of 100% of schedule would have been possible.

While we must expect the medical and hospitalization requirements of O.P.S. subscribers to go up during the winter months—the full effect of the $3.00 rate to subscribers will be felt beginning in January, 1947. All in all, the outlook is better than it has been for many months.

• • • • •

(This exhibit is part of the January 15, 1947 issue of the Bulletin of the Multnomah County Medical Society.)

Plaintiff's Exhibit 2188

10032 THE BULLETIN

. . . MULTNOMAH COUNTY MEDICAL SOCIETY . . .

VOL. II PORTLAND, OREGON No. 10

ADVERTISING BACKS NEW O. P. S. PLANS

Two types of prepaid medical and hospital coverage now are being made available by Oregon Physicians Service to employed individuals and their families throughout a large section of the state, and an aggressive publicity and advertising campaign to promote the plans is being undertaken.

After initial approval by the House of Delegates of the Oregon State Medical Society at its mid-year meeting in

April these plans subsequently have been approved by numerous county medical societies representing eighteen Oregon counties, including Multnomah county. Most of the remaining county societies have not as yet had the opportunity of considering and acting fully with regard to these new programs.

The first plan provides medical, surgical and hospital coverage for the employed individual at dues of $3.50 per month. This coverage is fairly comprehensive but is more limited than the regular employe group. Also offered under Plan I is a surgical, limited-medical and hospital coverage for families at the following rates: unemployed spouse, $2.00 per month; first child, $1.35 per month; second child, $.75 per month; third child, $.50 per month; no charge for additional children.

The second plan provides surgical, limited-medical and hospital coverage for the employed individuals at dues of $2.25 per month. This same coverage is extended to families with the same level of benefits and rates of dues as provided under the first plan.

Promotion of these plans is being carried on by Oregon Physicians' Service through the use of newspaper and radio advertising, bus and streetcar cards, and direct mail as well as news stories for both the radio and newspapers. Oregon newspapers, with a combined total circulation of 527,663, currently are scheduled to carry the story to residents of most sections of Oregon. Twenty-five Oregon newspapers will run the entire campaign, which includes 17 advertisements ranging in size from 20 inches to 40 inches each.

After a test campaign is completed, the promotion will be carried on by nine radio stations located in various sections of Oregon. In Portland both metropolitan dailies will be utilized, as will one radio station, after tests have been completed. The campaign in Multnomah county also will include a half showing (12 cars or buses) in Portland a full showing (16 cars) in the interurban area. Direct mail follow-up material will be utilized in response to all coupon, phone and letter inquiries received.

A full set of explanatory material, including folders and forms, has been sent to each O.P.S. cooperating physician in Multnomah county and throughout the entire state. Although the promotion program is not being carried on in some sections of Oregon because some county societies have not given full consideration to the new programs up to this time, explanatory material has been

sent to cooperating physicians located in those areas
10033 so that they will be advised of the programs' progress.

Only employed individuals and their families are eligible for coverage under these new programs. Individuals having net taxable incomes in excess of $6,000 per year are not eligible. Unemployed and retired people are not eligible. O.P.S. does not plan to carry on promotion for the new individual programs by personal contacts. This promotion work will be done entirely through the medium of newspapers, radio, car cards and direct mail.

Any physician who has failed to receive complete information concerning the new programs should contact one of the O.P.S. offices.

• • • • •

Plaintiff's Exhibit 2189

10036

COMMENTS

on the

DECISION OF THE UNITED STATES CIRCUIT COURT OF APPEALS

CONCERNING THE

ANTI-TRUST INDICTMENT

of

AMERICAN MEDICAL ASSOCIATION OFFICIALS

and

OTHER DEFENDANTS

by

JOHN J. COUGHLIN

Legal Counsel of the Oregon State Medical Society

Printed by Berncliff Printers, March 15, 1940

DECISION OF UNITED STATES COURT OF APPEALS

re

ANTI-TRUST INDICTMENTS OF A.M.A. OFFICIALS AND OTHER DEFENDANTS

Physicians have undoubtedly read newspaper items stating that the United States Court of Appeals for the District of Columbia (hereinafter called "appellate court") reversed the decision of the District Court in the anti-trust proceeding involving the American Medical Association and other defendants. The District Court had held that the indictment did not state facts sufficient to bring the defendants within the inhibitions of the Sherman Act and sustained defendants' demurrer to the indictment. In overruling defendants' demurrer, the appellate court held that the indictment did state facts sufficient to bring the defendants within the Sherman Act.

The Sherman Act

The act provides, in Section 3, "Every contract, combination in form of trust or otherwise, or conspiracy, in *restraint of trade or commerce in* * * * the *District of Columbia* * * * is hereby declared illegal. Every person who shall make or engage in any such contract or engage in any such combination or conspiracy, shall be deemed guilty of a misdemeanor, * * * ." (Emphasis ours, Ed.)

Allegations in Indictment

The appellate court *stated* that the indictment charged the defendants with combining and conspiring to prevent the operation of Group Health, Inc., by (1) imposing restraints on physicians affiliated with Group Health by threats of expulsion or actual expulsion from the societies; (2) denying them the essential professional contacts with other physicians; (3) using the coercive power of the societies to deprive them of hospital facilities for their patients. The court also stated "Sufficient facts are stated to demonstrate that, unchecked, this exertion of power will *necessarily* accomplish the abandonment of the cooperative plan of medical service, as well as destroy the livelihood of dissident doctors, because the general restraint thus applied would *make impossible* the continued operation of the one or the successful practice of medicine by the others."

What Appellate Court Held

The appellate court held that the allegations of the indictment (which are admitted for the purpose of defendants' demurrer) are sufficient to bring the actions of the defendant within the condemnation of the Sherman Act. The court was careful to point out "The charge (in the indictment) may be wholly unwarranted and the facts, when they are disclosed on the trial, may show an entirely different state of affairs, but for present purposes we must take the charge as though its verity were established; * * *."

Practice of Medicine as a "Trade" within Section 3 of the Sherman Act

In order to hold the indictment valid, the appellate court *directly decided* that the practice of medicine, the business of Group Health, Inc., and the hospitals constituted "trade" *within the meaning of the above quoted Section 3 of the Sherman Act.*

In arriving at such decision the court said that the term "restraint of trade" had its genesis in the old English decisions, and the Sherman Act must be interpreted in the light of common law decisions involving contracts
1938 in "restraint of trade." At common law such contracts were declared void and unenforceable under some circumstances. (Such contracts usually involved agreements by a seller of a business to refrain from competing with the buyer, within a certain area, or for a given time. For instance, a doctor might sell his practice to another, and agree not to practice in the same county any time in the future.) Since old English cases had held some of such contracts between physicians void as being in "restraint of trade," the appellate court thought the Sherman Act prohibitions (in Section 3) against contracts, etc. in "restraint of trade" applied to the practice of medicine.

The court was careful to point out that it was dealing only with Section 3 of the Sherman Act, which affects the *District of Columbia*, and not with the other sections, which deal with trade *between the states*. As to the District of Columbia, Congress stands in the same position as a state legislature. The court held that Congress, in Section 3 of the Sherman Act, had exercised its *full power of control* over any occupation. Although the Court did not state it explicitly, it appears inherent in the decision that the in-

hibition against "restraints of trade" between the states is *not as broad* as the inhibition affecting the District of Columbia. In other words, "trade" between the states still carries the connotation of "commerce," and probably is not synonomous with contracts in restraint of trade which were void at common law.

Reasonableness of the Restraint

The Sherman Act appears to be unequivocal in prohibiting *every* contract, combination, etc., in restraint of trade. But this is an unworkable interpretation, for just about everyone in business would be indictable if interpreted literally. So the courts have held that if a *restraint is reasonable*, it is not illegal.

The appellate court also passed on this question, and held that, if the facts alleged in the indictment were true, the indictment showed an unreasonable restraint of trade. So, the question of the reasonableness of the restraint may become a question for the jury to decide on the trial of the case.

The defendants argued that the indictment charged them with doing nothing more than regulating membership in the District Society, and that disciplining members does not amount to unreasonable restraint. As to this the appellate court stated:

"This may very well be true, and in considering the contention we are not unmindful of the importance of rules of conduct in medical practice, rules which can best be made by the profession itself. We recognize, in common with an almost universal public opinion, that in the last half century, through this means, the quack and the charlatan have been largely deprived of the opportunity of preying on the unfortunate and the credulous. We also recognize that in personal conduct and in professional skill the rules and canons, so established, have aided in raising the standards of medical practice to the advantage of the whole country. We are mindful of a generally known fact that under these rules and standards there has developed an esprit de corps largely as a result of which the members of the profession contribute a considerable portion of their time to the relief of the unfortunate and the destitute. All of which may well be acknowledged to their credit. Notwithstanding these important considerations, it cannot be admitted that the medical profession may through its great

medical societies, either by rule or disciplinary proceedings, legally effectuate restraints as far reaching as those now charged. * * * *If there is any justification for the restraint, so as to make it reasonable as a regulation of professional practice, it must be shown in evidence as a defense, since it does not appear in the indictment.*" (Emphasis ours, Ed.)

In other words, the court said that disciplinary proceedings as such are not illegal, but that under the peculiar facts stated in the indictment the disciplinary pro-
10039 ceedings amounted to an unreasonable restraint of trade.

Illegal Practice of Medicine by Corporations

Defendants contended that Group Health, Inc., was illegally practicing medicine and therefore the alleged restraint of trade could not be illegal. The court held that it did not appear from the indictment that Group Health was illegally practicing medicine, and therefore rejected defendants' contention.

The court did not reject the well-settled rule that a corporation could not practice medicine, but said that the concept applied more particularly to a *profit corporation* where the physicians' actions are subject to control of the corporation. The court said:

"But in all the cases we have examined in which the practice has been condemned, the profit object of the offending corporation has been shown to be its main purpose, and in no case were the circumstances precisely like those described in the indictment, i.e., a non-profit organization, conducted so that the proper doctor and patient relationship is preserved; prospective patients organized only for the purpose of providing a clinic and paying doctors and hospital service out of members' dues; a plan designed not to interfere with the doctor's loyalty to his patient so as to commercialize medicine in a way contrary to the best interests of patient or practice, or to subject the physician to the corporation's control and make his practice a corporate act. As thus described, it is no more than a group of persons, under corporate organization, contributing stated sums of money monthly for the payment of prospective medical services to the extent that may be required. In these respects, it differs from the medicine-practicing corporations which in many of the States

have been held to be illegal. Without more, therefore, than now appears, we are unable to say that Group Health is illegally practicing medicine."

Conclusions

The decision is not particularly applicable to Oregon, because it merely involves the legal sufficiency of an indictment under a statute affecting the District of Columbia. But, in a broader sense, it completely justifies the policies of the Oregon State Medical Society. *It cannot be too strongly urged on the members of the Society* that, *even though the reasoned course of justice may seem tedious, in the long run it is often preferable to an attempt to achieve quick results.*

Some particular policies of the Oregon State Medical Society should be reiterated:

1. Conciliation and education of unethical members should have a prominent place in any disciplinary proceeding.

2. If a member persists in unethical conduct, a regular hearing should be provided in accordance with by-laws, and the member given every reasonable opportunity to be heard in his own defense.

3. The Censors cannot just assume that a physician is unethical. They must be presented with proof of his unethical conduct.

4. Disciplinary proceedings, where supported by proof, should be carried out without favor to any group.

5. No concerted action by a local society or its members with any intent to injure a physician or other agency can be sanctioned. If an individual physician does not wish to work for or with any particular person or agency, that is his own business.

6. No irregular pressure should be brought to bear on a member because of any unethical conduct. No hospital or other agency should be asked to assume the Societies' function in disciplining their members. Disciplinary proceedings, where necessary, should be carried on directly by the Societies.

(This appeared in the March 15, 1940 issue of the Bulletin of the Multnomah County Medical Society.)

Plaintiff's Exhibit 2190

10040 June 1, 1945. Vol. 9. No. 10

* * * * *

10041 COUNCIL ACTIVITIES, MAY 1, 1945

* * * * *

A letter from Jackson County told of their method for assuring full attendance at Society meetings. Those absent from 20 per cent of meetings are subject to expulsion from the Society. Inasmuch as hospital membership and malpractice insurance are contingent upon Society membership, attendance has been excellent. The method has a certain appeal but there must be a better way.

The O.P.S. supervisory committee reports that a slight drop in the payoff for services rendered is projected for the next several quarters to permit accumulation of a temporary reserve to cover so-called "wash-up" expense as war-industry payrolls diminish in size. It is thought that payments to member physicians will drop about 3½ per cent from the level of recent quarters. The Council was advised that Mr. Ed Rubey left the services of O.P.S. on May 1. He has served as comptroller of the organization for two years and his work has been entirely commendable. The Society regrets his departure to other work and takes this opportunity to recognize his sizable contribution to O.P.S. through a very trying period in our insurance plan growth.

———0———

The Council requested President Holcomb to appoint a planning group who will study the feasibility of a Council on Community Health Problems. Such a Council would include representatives of the Society, Public Health, Industry, Labor, Chamber of Commerce, the Hospitals, Nurses, etc. The Council believes that the Society must exercise aggressive leadership

* * * * *

Plaintiff's Exhibit 2191

10043 1562 DOCTORS LICENSED IN OREGON

Six Per Cent Increase Over 1948

Dr. Edwin R. Durno, Medford, newly elected President of the Oregon State Board of Medical Examiners, has announced that the number of physicians and surgeons licensed to practice in Oregon has increased from 1468 in 1948 to 1562 in 1949.

Dr. Durno announced also that the next State Board Examinations will be held July 7, 8 and 9, at the University of Oregon Medical School. Applications will be accepted until June 24. The next regular meeting of the Board will be held July 22 and 23, at the Board's offices, 608 Failing Building, Portland.

The gain in the number of medical personnel licensed in the State during the last year is a continuation of the trend which began following the war years. The gain is shown not only in the total number of physicians but also in the "population per physician" ratio.

The following chart provides ample evidence that medical population of the state is steadily approaching the pre-war figure:

Year	Number of Physicians	Population Per Physician
1941	1272	857
1947	1431	1011
1948	1468	1002
1949	1562	942

The report of the Board of Medical Examiners records 63 additional physicians practicing outside Multnomah County which is an increase of over nine percent during the last year. The increase of 31 physicians in Multnomah County is slightly less than four percent of the 1948 registration. Twenty-three counties in Oregon have gained in the number of medical personnel, seven show a decrease and six have the same number as was recorded in 1948.

The headquarters office of the Oregon State Medical Society has prepared the following statistical study which compares the present number of physicians and surgeons licensed in the state with 1941, the last pre-war year, and the post-war years for which adequate records are available. The population figures for 1948 are quoted from estimates supplied by the Vital Statistics Section of the Oregon State Board of Health. The number of physicians and surgeons now practicing in the state is taken from

the Board of Medical Examiners report of March 18, 1949.

County	Number of Physicians 1947	1948	1949	Population Estimated July 1, 1948	Population Per Physician 1947	1949
Baker	13	12	11	16,500	1332	1500
Benton	21	26	29	28,600	1326	986
Clackamas	21	33	35	75,500	3584	2157
Clatsop	25	30	33	31,700	1143	961
Columbia	10	10	11	23,500	2323	2136
Coos	22	28	30	37,500	1179	1250
Crook	5	4	5	9,200	1696	1850
Curry	3	5	3	5,600	2071	1867
Deschutes	18	18	20	22,800	1035	1140
Douglas	25	23	27	54,600	1881	2022
Gilliam	2	2	2	2,400	1078	1200
Grant	3	5	4	8,400	2127	2100
Harney	4	4	4	6,300	1549	1560
Hood River	6	5	8	15,000	2583	1875
Jackson	37	41	45	60,600	1596	1347
Jefferson	3	2	2	6,400	1596	3200
Josephine	10	14	16	29,200	2780	1825
Klamath	40	46	44	42,800	1104	973
Lake	6	5	4	6,900	1065	1725
Lane	93	94	106	111,800	1151	1055
Lincoln	13	12	15	21,700	1644	1447
Linn	20	21	26	54,600	2419	2100
Malheur	12	14	17	22,600	1797	1335
Marion	89	94	104	89,100	975	857
Morrow	1	2	1	4,300	4109	4300
Multnomah	754	781	812	479,500	642	591
Polk	8	11	11	21,600	3069	1964
Sherman	1	1	1	2,400	2321	2400
Tillamook	11	12	15	16,600	1484	1109
Umatilla	22	24	27	35,100	1601	1449
Union	17	19	21	19,400	1157	924
Wallowa	6	5	5	7,100	1190	1420
Wasco	16	16	18	13,200	854	733
Washington	20	24	25	52,900	2606	2116
Wheeler	2	3	1	3,000	1391	3000
Yamhill	22	22	24	32,300	1470	1346
Total	1431	1468	1562	1,470,800	1011	942

(This is part of the June 1949 issue of The Bulletin of the Multnomah County Medical Society.)

Plaintiff's Exhibit 2192

10045

STATE SECTIONS
(Emblem)

OREGON STATE MEDICAL SOCIETY

SIXTY-SEVENTH ANNUAL MEETING, PORTLAND, SEPT. 3-6.

EDITORIAL

YOU CAN HELP YOUR SOCIETY

We often hear, "What does the Council do?" or, "The Council never does anything for us." Why doesn't somebody think to ask, "What can I do for the Council?" or, "What can I do for the Oregon State Medical Society?"

Council members—past, present, and future—are guilty of this attitude. Too many people want someone to do something for them and fail to remember that it is much wiser to see if there is something they can do to help. The Council is busy. It has protected and will continue to protect the private practice of medicine just as long as physicians want it protected—yes, even longer.

The Council has stuck to its established policies with far greater zeal and steadfastness than many physicians have —fortunately. Can its critics speak with anything that approaches as clean a slate? Those who have served earnestly might be allowed a criticism, but those who bellow to hear their own voices echo in the halls do much to destroy the efficiency of a hard working body.

O.S.M.S. vs. F.S.A.

The Farm Security Administration wants to set up what amounts to a hospital association for its so called standard borrowers. For more than two years the F.S.A. has tried to break through the barrier of established principles of the Oregon State Medical Society but has always found the state council adamant. Now the F.S.A. approaches the physicians of various county societies with a plan for medical care for farm families; it is their plan and one not acceptable to or embracing the established principles of the State Medical Society.

These principles are as follows:

1. The O.S.M.S. will be advisory to any plan and will not participate on its Board of Management.

2. Medical policies are to be determined by the State Medical Society.

3. No physician shall be refused certification by the Board except on recommendation of a local medical society and with the right of appeal to the Oregon State Medical Society.

4. A medical director to supervise medical service (throughout the state) should be chosen only with approval of the O.S.M.S. *before* employment.

5. Employment of a full time physician, or a part time physician on a rotation basis, to render medical service, is advisable.

6. No fee schedule is approved.

These principles should be clear enough and study of them will indicate what is "in the wind."

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(This is a portion of the June, 1941 issue of *Northwest Medicine.*)

Plaintiff's Exhibit 2193

10046 The Jackson County Medical Society held its regular meeting Feb. 8th, 1939 at the Hotel Holland, Medford, Ore., Dr. Kresse was host at a 7:00 O'clock dinner.

Members present included: Drs. Bishop, Clancy, Dodson, Drummond, Durno, Everett, Findley, Gilpin, Gregg, Hayes, Holt, Inskeep, Jensen, Johnson, Kresse, Lemery, MacCracken, Merkel, Mortensen, Poston, Roney, Shaw, Standard, Sweeney, Thayer, E. A. Woods, and H. Woods.

Dr. Loeffler was guest at the meeting.

The meeting was called to order by Pres. Dodson.

The minutes of the last meeting were read and approved.

The secretary read the Proposed Program of Medical Care for Farm Security Administration Clients which included three plans now in operation in various states: 1. Individual Family Plan; 2. Pooled Fund Plan, and 3. Local Beneficial Association Plan. The Pooled Fund Plan with modifications was deemed most feasible for our state by the Council of the Oregon State Medical Society.

A letter to Dr. Dodson from the Farm Security Administration regarding fees for examining families was read by the secretary. Proposed fees were for Husband $2.50, wife $2.50, each child $1.00 with a minimum of $7.50 and a maximum of $12.00. Upon motion duly made and seconded the Society voted a temporary fee schedule of $5.00 each for examining husband and wife and $3.00 for examining each child.

• • • • • •

Signed: HARVEY A. WOODS Sec.

Plaintiff's Exhibit 2194

10047 The regular meeting of the Jackson County Medical Society was held May 26, 1941, at the Hotel Medford, Medford, Oregon. Dr. Mallery being host to a seven o'clock dinner.

Members present: Drs. Dodson, Jensen, Green, Coyle, Halboth, Heckman, Thayer, Standard, Shaw, Durno, Holt, Hayes, Haynes, Roney, McCracken, E. A. Woods, Moffatt, Loeffler, Mallery, Harvey Woods, Bishop and Finley, Sweeney.

Order of Business:

1. Letter from F.S.A. asking for medical officer.

2. Letter read by Dr. Harvey Woods from State Committee in regard to F.S.A.

Discussed by Drs. Loeffler, Holt, Hayes and Halboth.

Hayes moved that if the Farm Security Administration desired us to service these people, we would be glad to care for them at a set fee similar to the State Industrial Commission.

Seconded by E. A. Woods.

Motion withdrawn and Dr. Green moved that the Society report to the Committee of the State Society that this Society cannot accept the plan as proposed.

Seconded by Dr. Mallery. Same carried.

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Plaintiff's Exhibit 2195

10048 U. S. DEPARTMENT OF LABOR

WAGE AND HOUR AND PUBLIC
CONTRACTS DIVISIONS
150 Federal Office Building
San Francisco 2, California

IN REPLY REFER TO: KCR:vs
FILE NO.

ADDRESS ALL COMMUNICATIONS TO:

February 7, 1950

Philip Marcus, Esquire
Special Assistant to the Attorney General
508 United States Court House
Portland, Oregon

Dear Mr. Marcus:

If a properly authorized representative of the Wage and Hour Division of the Department of Labor, which is charged with the administration and enforcement of the Fair Labor Standards Act of 1938, as amended, were called upon to testify in the case in which you are now participating in the Federal District Court at Portland, Oregon, he would testify that the official records of this Division which are maintained in San Francisco, California, show that the National Hospital Association of Portland, Oregon has been considered by this Division to be within the general coverage of the Fair Labor Standards Act of 1938, as amended in that the employees of such association have been engaged in interstate commerce, or in the production of goods for interstate commerce, or in processes or occupations necessary to the production thereof.

The National Hospital Association of Portland, Oregon was investigated by this Division during 1943 and 1944 and that Association was notified of the position of this Division that its employees were within the coverage of the Fair Labor Standards Act of 1938, as amended. During this investigation the officials of the Association accepted the coverage of the Fair Labor Standards Act of 1938, as amended with respect to its employees and further accepted the findings of the Investigator of this Division with respect to violations of said Act. At the conclusion

of the investigation the National Hospital Association paid restitution covering back wages to its employees in the amount of $3336.12.

The National Hospital Association, therefore, did not contest its liabilities under the Fair Labor Standards Act of 1938, as amended. Negotiations with the National Hospital Association during the 1943-1944 investigation were conducted with Mr. C. C. Bechtold, Vice President and General Manager and with Miss Maude Larsen, Chief Accountant. There have been no further investigations of National Hospital Association since 1944.

Very truly yours,

(Signed) J R DILLE
John R. Dille
Regional Director

Plaintiff's Exhibit 2196

10049 U. S. DEPARTMENT OF LABOR

WAGE AND HOUR AND PUBLIC CONTRACTS DIVISIONS
150 Federal Office Building
San Francisco 2, California

IN REPLY REFER TO: KCR:lh
FILE NO.

ADDRESS ALL COMMUNICATIONS TO:

February 7, 1950

Philip Marcus, Esquire
Special Assistant to the Attorney General
508 United States Court House
Portland, Oregon

Dear Mr. Marcus:

If a properly authorized representative of the Wage and Hour Division of the United States Department of Labor, which is charged with the administration and enforcement of the Fair Labor Standards Act of 1938 as amended, were called upon to testify in the case which you are now handling in Portland, Oregon, he would testify that the official records of this Division maintained in San Fran-

cisco, California, show that the Oregon Physicians Service has been considered by this Division to be within the general coverage of the Fair Labor Standards Act of 1938 as amended, in that its employees have either been engaged in interstate commerce, or in the production of goods for interstate commerce, or in processes or occupations necessary to the production thereof. The Oregon Physicians Service has so been notified and has been requested to pay back wages to the employees due under the Fair Labor Standards Act of 1938, as amended.

The official records of this Division further show that in 1944 the Oregon Physicians Service, following an investigation of the activities of such Service, accepted the general coverage of the Fair Labor Standards Act of 1938 with respect to its employees but contested liability under that Act with respect to certain of its employees on the ground that such employees were exempt as bona fide professional employees within the meaning of Section 13(a)(1) of that Act. The Oregon Physicians Service, at the conclusion of such investigation in 1944, also disputed the position of the Division that certain employees were jointly employed by the Oregon Physicians Service and by related employers. As a result of these disputes with respect to the exemption question and the joint employment problem, the Oregon Physicians Service declined to make back wage payments to the employees so involved.

10050 The records of this Division further indicate that negotiations between this Division and the Oregon Physicians Service were with Mr. E. E. Rubey and Mr. J. E. Harvey, Comptroller and Office Manager respectively of Oregon Physicians Service.

At the conclusion of the 1944 investigation no litigation was instituted on behalf of the Wage and Hour Division. There have been no further investigations of Oregon Physicians Service since 1944.

Very truly yours,

(Signed) J R Dille
John R. Dille
Regional Director

Plaintiff's Exhibit 2197

10051 March 13, 1945

Mr. Glenn O. Parker
Route 6
c/o Crane Creek Logging Camp
Lakeview, Oregon

Dear Mr. Parker:

We of the Klamath Medical Service Bureau are, of course, more than anxious to have our prepaid medical service plan available to the people in this area. However, we would be reluctant to accept a contract that might antagonize the Lakeview Doctors as we would need their assistance in servicing the contract.

Possibly you could appoint a committee to go in and discuss your problem with the Lakeview Doctors and if they stated that they would be willing to service you under an agreement with the Klamath Medical Service Bureau, we would, of course, be more than glad to offer you our contract on the regular basis. The employer would be responsible for making payroll deductions and remitting to our Bureau monthly. The cost would be $2.00 for each employee per month.

I am enclosing a few copies of our actual contract in explanation of how it works. Please advise as soon as possible the reaction of the Lakeview Doctors to your Committee and remember that we of the Klamath Medical Service Bureau are anxious to serve you.

Sincerely thanking you for your kind inquiry and with best personal regards, I remain

Yours very truly,

J. L. Hicks, Mgr.

JLH:sak
Enclosures